

# POLITICAL AFFAIRS

*A magazine devoted  
to the theory and practice of Marxism-Leninism*

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# 28 YEARS: A RECORD OF SERVICE TO LABOR AND THE NATION

AN EDITORIAL

THE 28TH ANNIVERSARY of the Communist Party of the United States is marked by two especially significant features. These are the acute sharpening of the monopoly drive toward fascism at home and domination of the world, and, related to this, the unparalleled extent of the misrepresentation, slander, and persecution of the Party of the working class. Not since the infamous J. Edgar Hoover-Palmer raids in the period immediately following the birth of our Party in 1919, has there been such an exhibition of unrestrained political gangsterism and Hitler-like "Anti-Comintern" frenzy by monopoly's press, radio, and political hirelings. At the same time, never since then have the working class, and the people generally, been in such crucial need of a strong and effective Communist Party.

A visitor from Mars to our land could not help but draw the conclusion from the antics of the Un-American Committee, the press, and the radio, and from the declarations of such political figures of finance capital as Stassen and Eric Johnston, that America is faced with the immediate "threat" of Socialist revolution. For how else could the anti-Communist hysteria and the cease-

less attacks by the seemingly all-powerful lords of finance and atom-bomb against the numerically weak Communist Party be explained? In actuality, reaction's drive against our Party can be explained only by its panicky fear and desperate efforts to stifle the accumulating and inevitable resistance of the people to unbridled monopoly plunder and imperialist world-wide expansionism and war incendiarism.

\* \* \*

The monopolies regard the very existence of the Communist Party as the most serious barrier to the realization of a basic objective of the N.A.M.—the destruction of traditional American living standards, and the crushing of the trade unions, the chief defense of the working class and the people generally against impoverishment and enslavement. They remember the leading role of the Communist Party in the victorious fight against "industrial feudalism," the company town, and company terror in the 1920's. They cannot easily forget the energy, devotion, and fearlessness displayed by the Communist Party in laying the basis for, and in building the C.I.O. in the steel, auto, marine, food,

shoe, needle trades, textile, and other industries. Nor can the Tafts and Hartleys ever forgive the Communist Party for its initiative in the fight against the open-shop offensive after the First World War, and its sacrifices in the struggle to improve the working and living conditions of the semi-skilled and unskilled workers in the mass production industries.

The economic royalists suffered setbacks in the 'thirties. The working class won tremendous victories in terms of industrial union organization, improved working and living conditions, and extended democratic rights. To avert defeats in this period, the monopolists must first curb, if not outlaw, the Communist Party.

\* \* \*

The monopolists recognize in the Communist Party the most serious obstacle to their efforts to force the full burden of the approaching economic crisis upon the working class and the people generally. They have not forgotten the initiative and heroic leadership of the Communist Party in the fight against the crisis of 1929-1933. They cannot forget that it was the Communist Party, leading the masses of unemployed, which compelled the ruling class to place the question of unemployment as the nation's number one problem. The Morgans, du Ponts, Fords and Rockefellers cannot rid themselves of the specter of the militant

unemployed demonstrations and hunger marches under Communist leadership that forced their class to feed the unemployed or provide government-made jobs. They have never forgiven the Communist Party for saving millions of Americans from outright starvation; for forcing a horrified monopoly capital to grant home relief, rent relief, moratoriums on farm foreclosures, and unemployment insurance.

If swollen monopoly profits are to be maintained or even extended during the coming crisis by starving the working class and plundering the people, then the chief defenders of the people, the Communists, must be smashed.

\* \* \*

The monopolies regard the Communist Party as an internal road block to the new Wall Street World Order, to the aggressive imperialist Truman Doctrine and its extension, the Marshall Plan. They well remember the truly patriotic initiative of the Communist Party in the latter 1930's to save the world from the bloodiest war of all time, in which the lives of 300,000 American youth were lost. They cannot forget that it was the Communist Party that first warned of the disastrous effects of "appeasement" of fascism, of Munichism; that the Communist Party was in the forefront of the fight for collective security as the only means of preventing the war by stopping the Axis. Nor can they ever

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forgive the "premature anti-fascism" of the Communist Party, which recognized so clearly the fascist intervention in Spain, together with the Franco-aiding "non intervention" policy, as the dress rehearsal for world war, that it offered up the lives of many of its best sons to help make Spain the graveyard of fascism.

Still fresh in the minds of the ruling class must be the unflagging devotion and zeal of the Communist Party during the great anti-Axis war, and its significant contributions to national unity, to uninterrupted war production, to victory. The economic royalists cannot have forgotten the outstanding patriotism of thousands of Communists, many of whom distinguished themselves in every theater of the war, while the monopolies carried on sit-down strikes against the government and raked in blood-soaked profits.

If the growing aversion of the people to America's new role as the world center of imperialist reaction, aggression, intervention, and war incendiarism is to be checked, then the Communist Party, with its glorious record of struggle for peace and democracy, must be gagged.

\* \* \*

The finance-capitalists and Southern Bourbons involuntarily honor the Communist Party by fighting it for being the most militant and uncompromising champion of the Negro people, whose subjection to frightful

special oppression and exploitation is a stench in the nostrils of all civilized humanity. Well do the Hitler-like racists and chauvinists and their monopoly masters know the record of the Communist Party in the struggle for Negro liberation.

Communist initiative in the historic Scottsboro Case dealt a mighty blow to Jim Crow and lynch law. The Communist Party initiated the movement that made the sixteen Scottsboro boys the symbol of modern Negro enslavement, roused the conscience of the world, promoted Negro and white unity, and gave courage and new hope to the Negro people. Nor have the monopolies forgotten the Herndon case, the Freeport, Long Island, case, the Columbia, Tennessee, case; and the Communist leadership that fought for years to break down discrimination in different areas of social life throughout the country.

The monopoly rulers see and fear the new heights of unity, organization, and consciousness being reached by the Negro people and their magnificent democratic and progressive role in the nation. If Jim Crow, discrimination, racism, and lynch law are to be preserved, if the oppression of the Negro people is to be intensified, then the Communist Party, first of all, must be eliminated as a public force.

\* \* \*

The reactionary G.O.P.-Truman-Democratic coalition fears the grow-

ing disillusionment of labor and progressives with the two dominant parties, which on all questions of major policy have been increasingly collaborating as one political monopoly of finance capital. They are in panic at the perspective of the development of a genuine people's anti-fascist, anti-monopoly, anti-imperialist party, led by the working class. They regard the Communist Party as the most consistent advocate of such a party. The Hoovers, Tafts, Hartleys and Deweys and their Democratic counterparts fear the just retribution of the people in the fateful 1948 elections. They are frightened by the resolute, uncompromising and ceaseless struggle of the Communist Party for the broadest coalition of the working class, the farmers, the Negro people, the veterans and youth, professionals and intellectuals, New Deal Democrats, progressive Republicans and political independents to stop reaction, to block the road to fascism.

They have not forgotten the inspiring initiative of the Communist Party and the Trade Union Educational League, under the leadership of William Z. Foster, for a Farmer-Labor Party, and the tremendous support it gained in the labor movement in the 'twenties. They remember labor's political answer then to the Tafts and Hartleys of the open-shop offensive after the First World War.

If the political monopoly of the lords of finance is not to be broken,

if labor is to be kept in political bondage, if the people are not to discontinue supporting the parties of their enemies, then, first of all, the Communist Party must be repressed, and the movement for a third party must be silenced.

\* \* \*

As a result of the glorious resistance movements and the anti-fascist war, a new tide of peoples' democracy and freedom is sweeping over the world. By the millions, the people of Europe have been taught by bloody experience to recognize the true role of the monopolies as traitors to the nation, and as the social base of reaction, fascism and war. Under the leadership of their working classes and their Marxist vanguard parties, many peoples of Europe have acquired the consciousness that the immediately necessary historical step in their progressive development is to extirpate reaction and fascism by eliminating the monopolies. That is why they are determined, despite the despicable pressure of British and, above all, U.S. imperialism, to prevent, at all cost, the reconsolidation of the economic and political power of the monopolies.

The United States cannot for long be exempt from the world democratic anti-monopoly tide. Already the accumulating bitterness against Wall Street's rapacity is becoming openly evident. If monopoly domination over the economy and politi-

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cal life of our country, and over the very lives of the people, is to be retained and even strengthened, then, first of all, the Communist Party and labor must be laid prostrate.

\* \* \*

An oppressing and exploiting class cannot openly disclose its aims and survive. It maintains its power, wealth and privileges no less by deceit than by force. The capitalist class today must hide from the people the fundamental truth that the attacks against the Communist Party are directed against the democratic liberties, the living standards, and the peace of the nation as a whole. To further that purpose, its hirelings create a smokescreen of lies, slander, and distortions, a thousand times disproved and scorned by the people in every civilized country as the Goebbels' technique. One of the most deceitful and dangerous, fascism-stimulating lies of reaction about the Communist Party is the charge of "foreign agent."

The Communist Party is proud of its twenty-eight years of service to the American working class and the nation as a whole, even though it has always been self-critically conscious of its own shortcomings in helping to make America more prosperous, freer, and more honored by the world. The record of the Communist Party is a record of twenty-eight years of loyalty to the honor and greatness of America. The true honor and greatness of a nation can

be measured only by the extent of the economic security and freedom of its people, especially its working class and minority groups, and by its progressive, democratic, anti-imperialist role in the world;—for this our Party has always fought.

The Communist Party is entering its 29th year, despite all the efforts of the Thomas-Rankin Committee and its predecessors headed by Lusk, Fish, and Dies, to terminate its existence. In the face of the ceaseless attacks, lies, and provocations, our Party could not have lasted one year if it did not have deep roots in American soil, if it did not represent vital and lasting American working-class and national interests. In truth, the Communist Party rose out of the ashes of the Socialist Party in 1919, as a result of the historical process of development of American society. Our Party represents the historical continuity in the epoch of imperialism and the general crisis and decay of world capitalism, of the efforts of the early American Marxists and Socialist movements to solve the social problems of the working class. Under conditions of the American imperialist threat to dominate the world, the Communist Party carries forward today the traditions of the great Populist anti-trust struggles of the period of the formation and consolidation of the monopolies.

The Communist Party is as American as the American working class. It is as American as the class struggle in America, as American as Eu-

gene V. Debs, Charles E. Ruthenberg, William Z. Foster, "Big Bill" Haywood, Eugene Dennis, Mother Bloor, Elizabeth Gurley Flynn. The charge of "foreign agent" has no more truth today than it had in the days of Jefferson and Tom Paine or in the days of Haymarket, the Molly Maguires, the Western Federation of Miners, and the stormy period of the I.W.W.

\* \* \*

Is it acting in the interests of a "foreign power" to champion the organization of the unorganized American workers into industrial unions? Is it acting as a "foreign agent" to support the fight for higher wages, for jobs and social security, for better housing, health, and educational facilities for the American people? Is it disloyalty to America to champion the safeguarding of the Bill of Rights? Is it subversion to do everything possible to wipe the shame of racism, Jim Crow, and lynching from the conscience of America? Is it serving a "foreign power" to support foreign policies that would make America a decisive force in the world for peace, security, freedom, and the mutual friendship of nations? An emphatic *NO* is the answer every democratic American would give to such questions.

The "foreign agent" slander is neither new nor original. It was hurled by reaction against democratic progressive forces the world over

long before there was a Soviet Union. Historically, it has been the smokescreen customarily raised by the enemies of the people everywhere, to hide every sinister conspiracy against the lives and liberties of the people. The czarist nobles and capitalists in the homeland of Lenin and Stalin slandered Bolshevism as a German importation, while the Prussian Junkers and monopolists, in the birthplace of Marx and Engels, attempted to vilify Marxism as a foreign, now British, now French, product. In our own early history every progressive American was stigmatized by reactionary Northern bankers and Southern slave-owners as a French agent.

The fascist and reactionary monopoly forces in France, Italy, and in eastern Europe, also hurled the slanderous accusation of "foreign agent" against the Communist Parties of their countries. But the people of these countries lived through the Nazi occupation and the war. They saw the devotion of the Communists to the national interest, tested in the crucible of fire, and with pride elevated them to positions of honor as the acclaimed "Parties of martyrs," as the Parties of the "best patriots." And today the Communist Parties of Europe are the backbone of the nations in economic reconstruction, in charting the course toward a new, happy, free, and prosperous life.

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America. But they are to be found among the monopolists, the cartelists, the Wall Street lords of finance, who collaborated with German fascist imperialism and Japanese militarism against our national interests before and during the war, and who are rebuilding the German and Japanese cartels today. Who is importing the foreign Prussian militarization into the United States? Who is importing German and Italian fascist slave-labor laws into America? Who is importing the alien Japanese-made thought-control of government employees, Communists, and trade union functionaries? Who is transplanting to America the Nazi-spawned barbarous ideas of race supremacy and world domination?

No billion dollar N.A.M. smoke-screen can hide the glaring truth that neither the American Communists nor the Soviet Union, but American capitalism gives birth to monopolists and cartelists, to imperialism and reaction, to economic insecurity, crises, unemployment, fascism and war. To blame the American Marxists, who scientifically disclose both the source and the solution of the social problems of the American people, as responsible for the existence of these problems, is to blame the physician, who isolates the germ and prescribes a method for destroying it, for the disease caused by the germ.

Allowing for specific and unique national features, the same basic characteristics, the same general laws

of development apply to all capitalist countries. Oppressed and exploited by the same social system, the working classes of all capitalist countries have mutual interests and common experiences. Consequently, the experiences of the working class of each country are of great interest and value to the workers of all countries. We American Communists proudly proclaim our bonds of kinship and fraternal brotherhood with the fighters for freedom in all countries.

Certainly, we American Communists, dedicated to the ultimate Socialist future of our own country, are the first to appreciate the world historical significance of the Soviet Union, the first land of Socialism, which has abolished crises and unemployment, national and racial oppression, and which has realized the great dream of the ages, the abolition of classes and the exploitation of man by man. Our record of twenty-eight years of unremitting effort and toil for the prosperity, security, freedom, and happiness of the American people is the best affirmation of the truth that we are interested in the Soviet Union in order the better to serve America.

The "foreign agent" catch phrase is a convenient instrument of that camp which seeks to bring about a complete rupture of relations between the United States and the Soviet Union. To achieve this aim the spokesmen of this camp do everything possible to misrepresent the

policies of the Soviet Union as being in opposition and harmful to the interests of the American people. Life itself has, however, fully confirmed the fact that the policies of the Soviet Union, before, during and since the anti-Axis war have corresponded to the best interests of the American people. There could have been no basis for collaboration in the war without such a community of interests. The joint declarations and solemn pacts of Teheran, Moscow, Yalta and Potsdam furthermore elaborated the program of American-Soviet collaboration for the extirpation of fascism, for the establishment of world security and peace, and for guaranteeing the sovereign right to independence and self-determination of all nations, big and small. Every American, acquainted with the truth will agree that such a program is in line with the most cherished American traditions and most vital national interests. The Communist Party supports all policies, wherever they emanate, that are in the interest of the security, peace, and welfare of America.

How is it possible for the foreign policy of the Soviet Union to be consistently in line with the interests of the American people and with the interests of all humanity? The answer lies in the very nature of the Soviet state. The Soviet Union is a Socialist country. It has no private trusts, monopolies, and fascist-minded finance kings and cartelists. It is free from the contradictions of

capitalism, from greed for profit. It does not compete for colonies, and spheres of exploitation. As a Socialist state it has abolished the exploitation of man by man within the country and the basis for imperialist exploitation of other peoples. It was founded on the basis of the voluntary, friendly union and full equality of nations and is incapable of subjugating, oppressing, and enslaving other nations. Hence, the very nature and development of the Soviet Union determine its relations of peace and mutual respect with all nations in the sphere of foreign policy.

\* \* \*

As Americans with the profound scientific conviction of the inevitability of the ultimate triumph of Socialism in our country, we Communists affirm with our 28 years' work and record that our Socialist ideals are fully consistent with being loyal American patriots. The Communist Party is committed to the proposition that to be loyal to America is to work for the greatest well-being, security, peace, and happiness of the American people. To be truly loyal to America means to do everything to wipe out forever in our country, exploitation, oppression, poverty, disease, ignorance, hate, and prejudice. To be loyal to America means to establish in our land complete equality, brotherhood, and friendship of the nationality groups that make up America. To be loyal to America

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means to work for the ultimate and final abolition of the torment of crises and unemployment, and for tearing out by the roots the social basis of the twin scourges of fascism and war.

In a word, to work for Socialism is to be profoundly loyal to America. As Americans, we Communists do not want Socialism to be limited to the Soviet Union. More than any other nation, America has everything necessary for a free, prosperous Socialist life for all. But as Marxist scientists, who have always fought anarchist adventurism, utopian schemes, and putchism, Communists know that the Socialist reorganization of society cannot take place until the American working class and its allies among the broad masses of the people desire it and are ready to bring it about. While doing everything possible today to promote the immediate interests of the American people, we point to Socialism as offering the ultimate, basic solution of the contradictions of capitalism.

... In the struggle for the program

of peace and democracy, jobs and security, favorable conditions are created for the masses of our people to recognize, on the basis of their own experience, the need for the eventual reorganization of society along Socialist lines. . . . We shall aim to convince the broad masses that the eventual elimination of the profit system and the establishment of Socialism in the United States will usher in a new and higher type of democracy and a free road to unlimited and stable social progress because it will end exploitation of man by man and nation by nation, through the establishment of a society without oppression and exploitation.\*

On its 28th anniversary, the Communist Party reaffirms its unbounded confidence in the American working class and the people generally. Today, as in the past critical periods in our history, the Communists will rally all forces to defeat reaction and crush the forces of fascism as the immediate historic condition for the further progress and social advance of America.

\* Resolution of the National Convention of the C.P.U.S.A., adopted July 28, 1945.

# THE THIRD PARTY MOVEMENT IN THE 1948 ELECTIONS

By JACK STACHEL

NOT SINCE 1924, when old Bob La Follette ran for President on a third ticket, has there been so much talk and support for a third party as is to be found today. Today, as in 1924, and as in 1912 when Theodore Roosevelt headed a third ticket, this movement is associated with the name of an outstanding political figure. Merely mention the idea of a third party and almost instantly the name of Henry Wallace comes to mind. In fact the two movements—for a third party and for Wallace for President are at present closely linked. While it is true, of course, that many voters who favor the nomination of Wallace for President on the Democratic ticket do not necessarily favor a third party at this time, almost all who do favor a third party are for Wallace for President. They are for Wallace on the Democratic ticket if possible; they are for Wallace on a third ticket if necessary.

There is strong sentiment for a third party, as was shown in a recent Gallup poll. The poll showed that, even before the movement either for

the third party or for Wallace for President has been launched, some seven to eight million voters are ready to vote for Wallace on a third-party ticket. Once this movement really gets under way, both within the Democratic Party and for a third party, there is no question, but that, with the clarification of issues, the support for Wallace and the third party will register much greater strength.

But already, even in the initial stages of this movement, the opposition to a third party is becoming very loud. This in itself is a recognition of the force and potential strength of this movement. Much of the opposition, no matter how mistaken, is honest opposition. It comes from those who want to fight reaction in the fields both of domestic and foreign policy. This opposition comes from an honest fear of dividing the progressive forces and hence presumably paving the way for the victory of the first party of Big Business reaction—the Republican Party.

But actually, the loudest opposition comes from those who fear that the unity of the progressives will lead to the defeat of reaction. This opposition comes not alone from the Big Business interests directly. It comes also from those who wish to appease reaction; from those professional splitters of the labor and progressive movements who, by this policy, serve reaction. In this latter group are the reactionary Social Democrats who dominate the

Liberal Party in the state of New York and who are the most influential group in the Americans for Democratic Action. These elements and their associates have raised the false and ridiculous cry that the third-party movement is a "Communist conspiracy" designed to facilitate the victory of the Republicans. The Berles and Dubinskys know that this charge is false. They know that many millions are for the third party and that the Communists are only a small fraction of this movement. They know that the Communists have proved that their entire concern today is to defeat reaction, whether as expressed through Republicans or through reactionary Democrats. That is why they try to render their arguments plausible by making an even more ridiculous charge, namely, that the Communists want a Republican victory in order to promote chaos and strife and by this means promote their ultimate program of Socialism.

The basic objective of these Social-Democrats and their associates is, of course, to label the whole third-party movement, and the struggle of the pro-Roosevelt forces within the Democratic Party, as "Communist." In this way they serve the objective of reaction, which aims to dictate the decisions of the conventions of both major parties and, in advance, assure victory for itself in the elections. In this way they make common cause with all the Red-baiters in the country and in both major

parties who are also engaged in attacking all of Roosevelt's policies in the name of "anti-Communism."

As in all previous periods, the third-party movement is developing because millions of citizens have come to the conclusion that neither of the two major parties serves their interests. This was so when the Republican Party itself was born as a third party and won with Lincoln in its second contest for the Presidency. This was true of the formation of the Populist Party in the nineties. It was also true in 1912 and 1924. Today, however, the third-party movement has deeper roots and a sounder foundation than it ever had before. In the 1850's the Republican Party was born in response to the needs of ascendant capitalism. The other third-party movements, though winning significant labor support, were largely middle-class movements. Today, the movement for a new people's party receives its main initiative from the working class and its powerful trade union movement. But today, also, the working class is becoming the leader of all the people in the common struggle against Big Business reaction.

The labor movement, which has grown steadily stronger during the past decade and a half, was the backbone of the Roosevelt coalition and its reform program. During this period the labor movement, especially the C.I.O., took many steps forward toward independent political action,

first through Labor's Non-Partisan League, which played a decisive role in the 1936 elections, and later through the C.I.O.-P.A.C. This advance by labor also stimulated similar movements, such as N.C.-P.A.C., and the I.C.C., out of which grew the present Progressive Citizens of America (P.C.A.). In New York State the movement also took shape in the organization of the American Labor Party. While Roosevelt was alive and the Roosevelt coalition existed, the forces making for a third party were contained within this coalition. But with the end of the war, the death of Roosevelt, and the abandonment by President Truman of the Roosevelt program, the third-party movement became inevitable.

\* \* \*

We need not argue too extensively to prove that the Truman Administration has abandoned the Roosevelt foreign policy. This is admitted by Democrats and fully recognized by Republicans. The Truman-Marshall doctrines are the very opposite of the Roosevelt foreign policy. The bipartisan policy is in fact the Hoover policy. That is why it is supported by Dewey, Dulles, Vandenberg, Stassen, and Hoover.

That the bipartisan foreign policy is meeting with failure after failure only proves that the Roosevelt policy was a policy in the interests of the American people, and that the present policy works against the national interest. It could not be otherwise.

For Roosevelt's policy, which saved our nation and helped defeat the Nazis and the Japanese imperialists, was always combatted by those who, like Hoover, today dictate our foreign policy. And those reactionary Social-Democrats who today support the Hoover policy are the very ones who criticized Roosevelt for his agreements at Teheran and Yalta.

There are differences, it is true, and especially partisan differences, between the two parties on minor questions of foreign policy, even as there are differences among the capitalists themselves and within the two major parties. These differences may, at certain moments, become very important, but the fact remains that only the Wallace forces within the Democratic Party continue to fight for the Roosevelt policies. If the labor-progressive forces who supported the Roosevelt policy wish to carry forward their fight for it, they cannot do so by supporting either the Republicans, who today determine our foreign policy, or the Truman forces in the Democratic Party, who have made the Hoover policy their own and are actively putting it into operation. The very same reason that led Truman to oust Wallace from the Cabinet also moves the labor and progressive forces to organize themselves as an independent force to support Wallace and his championship of the Roosevelt foreign policy.

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living of the people has fallen materially and is still falling. Big Business is making bigger profits today than even the fabulous profits it made during the war. Roosevelt's "New Economic Bill of Rights" for the people has suffered the same fate as his foreign policy. Prices and rents have gone up and are still going up. A bipartisan combination in the 79th Congress scuttled price controls, and Roosevelt's successor, to say the least, demonstrated his incapacity to do anything about it, assuming that he wanted to. But during this same period Truman showed that he could "get tough," at least with labor, when he broke the strike of the railroad workers and called for the kind of anti-labor legislation that even a Taft, for partisan reasons, blocked at that time in the Senate after it was passed in the House on a wave of anti-labor hysteria. The result was the decisive defeat of the Democrats in the 1946 Congressional elections.

The 80th Congress, in both houses of which the G.O.P. has the majority, has underscored the fact that the Republican Party is controlled body and soul by Big Business. It has established the most reactionary record in Congressional history. This is true as regards both what it did and what it did not do. The net result of its policies has been further to drive down living standards and make possible even bigger profits for the monopolies. All sections of the people were the target—workers,

farmers, professional people, veterans, the Negro people, small businessmen, etc. The outstanding piece of anti-labor and anti-people legislation passed by this Congress—for which it will become infamous—was, of course, the Taft-Hartley law.

A new feature of this Congress, unprecedented at least in degree, is the use of Congress and its committees, not merely or even primarily to legislate, but as weapons to harass, intimidate, smear, persecute, and prosecute labor and progressive organizations and leaders; to raise Red-baiting to a system of attacking every progressive force in the nation. Outstanding in this regard is the House Committee on Un-American Affairs which has, under Chairman Thomas, even surpassed the record established by the notorious Martin Dies. But other committees, such as the House Labor Committee, have similarly abused their power. The current investigation of war contracts by a Senate Committee also has exposed the real objective of this committee—to shield the big monopolies and smear Roosevelt. Congressional committees now circling the globe have similar objectives.

The record of the Republicans is so vicious and so well understood in labor-progressive circles that it is not necessary to belabor this point although it is necessary to make this record clear to all the people; to show that the G.O.P.'s policies run counter to the people's desire for peace, security, and democracy; and

to make clear that these policies, dictated by the big monopolies, lead to new wars and to fascism, and accelerate the forces inherent in the capitalist system making for a new economic crisis.

But what is most necessary is to make clear the role and responsibility of the Democratic Party and the Truman Administration for these policies and acts. While the President from time to time pays lip-service to the need for certain progressive legislation, such as the raising of the minimum wage or the need to erect low-cost housing, he does nothing about this need. Most of the reactionary legislation that was passed received the support of the majority of the Democrats. Outstanding, too, in this connection, was their support of the Taft-Hartley Bill.

Since the Taft-Hartley Act is cited as an example of why the Democrats deserve support by labor, it should be remembered that the Taft-Hartley Bill would never have become law without the support of the majority of the Democrats in the House and the twenty Democratic Senators who voted to override the President's veto. As to the President's veto it must not be forgotten that the President, by his previous proposals for anti-labor legislation, created the atmosphere, and paved the way, for this legislation. The President, by his failure to speak out at any time before the actual veto and by his failure to secure Democratic support for his veto, contributed to the passage

of the bill. One thing is clear: the Democrats did not prevent the passage of this law. The Democrats have demonstrated that labor cannot rely upon them to defend its interests any more than it can on the Republican Party. In the face of the facts, Truman's veto can be construed only as partisan in motivation, with an eye to 1948.

Nor is the record of the Democratic Party and of the Truman Administration any better in the field of civil liberties. With the rise of lynchings and attacks on the Negro people, the Administration, which, defying the Constitution and the Bill of Rights, always finds reasons for persecuting Communists and progressives generally, finds only excuses when called upon to put a halt to this terror and defend the Constitutional rights of the Negro people. The Administration has done nothing to revive F.E.P.C., which Roosevelt established during the war, or to support the passage of bills against lynching and for the abolition of the poll tax.

But the Truman Administration did institute the shameful loyalty tests and thought-control system for government employees, which is becoming the pattern for the reactionary drive against all progressive-minded citizens, against all genuine Roosevelt supporters. This has also given new impetus to the whole anti-Communist drive in which the Thomas-Rankin Committee and the Department of Justice are cooperat-

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ing in anti-constitutional attacks against Communists and other anti-fascists. Already its victims count, not only the General Secretary of the Communist Party, Eugene Dennis, but other prominent anti-fascists such as Dr. Barsky, Professor Bradley, and Howard Fast.

Thus it can be seen that, in the field of domestic policy too, the Truman Administration has abandoned the Roosevelt policy. All the New Deal members of the Cabinet under Roosevelt have been eliminated. Not only Wallace, but Morgenthau, Frances Perkins, and even Ickes have had to go. A last minute veto for partisan and political considerations, and not effective at that, cannot wipe out this record and this continued policy. Obviously, those who truly desire to go forward along progressive lines, those who continue to support the Roosevelt "New Economic Bill of Rights," cannot support or rely upon the Truman Administration and the present leadership of the Democratic Party in or out of Congress. They must look for new ways to advance their program.

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These developments have already resulted in an advance in the thinking of millions of people, and of workers especially. If until now the question remained, as it did for so many decades—vote Democrat or Republican—millions no longer hesi-

tate as regards the G.O.P. and face the question—Democratic Party or a third party? This is a big step forward beyond the traditional two-party system. If many millions who are through with the Republicans still hesitate as regards a third party, it is because they do not yet see how they can register their disapproval of the Truman policies, of the Southern Democrats, without helping to elect a Republican President and to re-elect a Republican Congress.

We Communists join with these millions in their concern as to the danger of a G.O.P. victory. We are as opposed as they are to a Republican victory in the 1948 elections. But while the Social-Democrats and their allies play on the fears of the people for a G.O.P. victory in order to entice them back into support of the Truman bipartisan foreign policy and the Truman domestic policies that inevitably flow from this foreign policy, we Communists say that only the organization of the labor and progressive forces behind the Roosevelt-Wallace program can defeat the Republicans.

Where the question is asked—will not a third party split the pro-Roosevelt forces and help elect a Republican President in the 1948 elections—we put this question: can the Republicans be defeated without the organization of the progressives into an independent force, without a third party? And we answer that without a third party there is the

greatest probability that the Republicans will be reelected.

Let us learn a lesson from the 1946 Congressional elections. This was the first election after the death of Roosevelt. It was the first election in which the Truman Administration went to the people, not only without Roosevelt, but without Roosevelt's policies and without the Roosevelt coalition. The result was a Republican victory. Surely the third party, which did not exist, cannot be blamed for this victory of the Republicans. Millions stayed away from the polls because they saw no alternative to Hoover-Vandenberg-Taft-Dewey in the Democratic Party of Truman-Snyder-Connally-Rankin. Even the support of Wallace and Pepper could not bring victory to the Democrats. Given the same conditions as in 1946, with the labor-progressive forces disorganized and calling upon the voters to make a choice where there is little to choose from, what guarantee have we for a different outcome?

When the third party is projected, we face the argument that three candidates in the field can result only in victory for the Republicans. Under present conditions this is undeniably true. But this presupposes that the third party must nominate a third Presidential candidate. This is a wrong assumption. In New York state, for example, the A.L.P. has existed since the 1936 elections, even though it always supported Roosevelt and not a third candidate. It is

possible that a third party—advancing the candidacy of Wallace side by side with the movement for Wallace for President on the Democratic ticket already initiated by leading Democrats in California—may be powerful enough to nominate Wallace or some other acceptable candidate on the Democratic Party ticket with the support of the third party. Under these conditions and, in fact, only under these conditions, could the coalition that elected Roosevelt be reconstituted. Such a ticket would be the best guarantee for defeating the Republicans. But it would also be more than that. It would, while defeating the Republicans, guarantee that the Republican policies would not continue to be forced upon the country even after the people voted against these policies, as is the case today.

Thus it can be seen that the third party would not by itself result in a Republican victory. On the contrary, it would offer the best possible chance to bring about the defeat of the Republicans by bringing about a situation in which the real issues would be placed before the people, and the majority who oppose the Republicans would be given a chance to vote for what they want.

Those who oppose the third-party movement and jump on the Truman bandwagon, giving Truman and the Democrats a blank check, are actually contributing to the victory of the Republicans. Once the Democratic leaders are told that they have

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the labor and progressive vote in their pocket, what will they do? They will decide that their main concern is to win the conservative voters. They will even increase their appeasement of Big Business reaction. They will feel that they have already tipped their hat to labor by the Truman veto of the Taft-Hartley Bill. Then they would go out to woo the other side. And what would be the result? It can be foretold with precision. They would again repel the progressive voters, demoralize them, and bring about a situation similar to the 1946 Congressional elections. And at that point no amount of endorsement from labor leaders would be able to overcome the voters' reaction, just as in the 1946 elections.

Let us suppose that there is no third party, that because of this the Democrats feel free to continue to go to the Right, and that then the labor-progressive forces find that it is impossible to support the Democratic ticket. What will the labor-progressive leaders do then? Will they want to become the camp-followers of reaction by supporting on the Democratic ticket what they would not support on the Republican ticket? Suppose the Democratic Convention decides to support all Democratic Congressmen, including the majority who voted for the Taft-Hartley Bill? A third party is the best possible means to prevent such a development within the Democratic Convention and offers the only al-

ternative to the labor and progressive forces in the event that both conventions are dominated by Big Business, as happened in 1924 when La Follette ran on a third ticket supported officially by the A. F. of L.

Of course, there are many questions that can only be decided by struggle and future developments. Later it will be necessary to weigh the situation and make final decisions. But by giving their support to Truman now, the labor and progressive forces give up all power to influence events and to make decisions later. Then there will be only one decision. Either support everything that happens at the Democratic Convention and thus have a repetition of what happened in 1946, or refuse to go along and have no other alternative for the people, which would again mean victory for the Republicans.

The labor and progressive forces, who are strong and who can have a decisive influence on the outcome of the Democratic Convention and the 1948 elections if they are organized, would face the most serious situation under such circumstances. Those who start with the premise that they will support Truman and the Democratic Party at all cost—as do the Social-Democrats, the Social-Democratic-minded leaders of the New York Liberal Party and the Americans for Democratic Action—do so because they support the policies of the Truman Administration

and the bipartisan foreign policy dictated by the Morgan-Rockefeller-du Pont interests. They are, to be sure, betraying the masses under their leadership. But at least they know what they are working for. They are not entering the battle with illusions. They know what they want and are making sure that their policies will triumph.

But those who wish to oppose reaction no matter in what garments it is clothed would get the opposite of what they want if they gave a blank check to the Democrats. If even with every effort to influence the Democratic Convention, including the building of a third party, there is the possibility that the reactionary forces may still dominate the Convention, then, certainly, without such a threat to Democratic Party victory, those who control the Party will continue their present course and move further to the Right. Under such conditions, without a third party and a third ticket, we would be confronted not merely with a Republican victory. We would also see, side by side with this, the demoralization of large sections of the labor and progressive forces resulting from frustration, from a feeling of being let down, from a recognition that, despite their strength, they cannot register their influence in the elections. The leaders associated with such a policy would suffer loss of prestige and influence among their followers, But with a third party organized in time

to influence the outcome of the Democratic Convention, or with the placing of a ticket in the field in the event that their efforts within the Democratic Party are entirely unsuccessful, the labor-progressive forces would be able to increase and consolidate their strength, influence the outcome of the Congressional elections, make a decisive contribution to clarifying the issues in the course of the campaign, and register sufficient strength to be a factor in the political life of the country, irrespective of the outcome of the Presidential contest. They would, after the elections, represent a strong and organized political movement that would rally great support and grow in the course of the struggles that will inevitably develop.

It must be understood that the issues confronting our nation are many and serious. The 1948 elections are a very important milestone in the people's fight for peace, security, and democracy. But the fight to prevent a new war, to prevent the victory of fascism, to establish greater security in the face of the policies of the monopolies and the developing crisis, will continue. A new political alignment is inevitable in our country. Much can be done now to accelerate this process and at the same time, perhaps, prevent a Republican victory. But if the new people's party does not develop by 1948, it will most surely come into being later. Neither of the old parties, representing as they do the program

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of Big Business, can, despite their differences, provide the basis for the victory of the people in the immediate but fundamental struggle that exists today. By using their strength, the labor and progressive forces may be able to influence the coming convention of the Democratic Party.

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In presenting this analysis of the problems facing the people in the coming election struggle, we Communists are fully aware that the third party cannot be built without substantial support from the trade union movement. Labor must be the base for such a new party. With labor as a base, other sections of the people—farmers, the Negro people, veterans, women, the youth, white collar and professional workers as well as small businessmen—can be rallied to the building of such a new party. We are fully aware of the fact that very few outstanding leaders have as yet come forward in support of a third party. In fact, we have recently witnessed quite a number of labor leaders coming out in support of the Democratic Party and in opposition to a third party. Such leaders are, in fact, giving a blank check to Truman and the Democratic Party.

As we said earlier, it is charged that the third-party idea and movement represent a "Communist plot," that the Communists alone are the third-party movement and

that they wish to dominate such a movement. This charge is not only false but ridiculous. It can be accepted as a fact that the Communists alone, and even with their Left supporters in the labor and people's movement will not and cannot organize a third party.

The Communists would like nothing better than see the entire trade union movement—the A. F. of L., the C.I.O., the Railroad Brotherhoods—come together and take the initiative in calling for the formation of such a party. If this should happen there would be, overnight, an entirely new situation in the country. Such a united initiative by the labor movement would rally sufficient strength among other groups to constitute, if not immediately a majority, enough of a force to determine either the outcome of the Democratic Convention or the possibility of victory for a third ticket. Obviously, in such a party the Communists, who would give it their full support, would be only a small group. Under any conditions, a genuine, broad, mass third party, when formed, would be of such proportions that the Communists could not possibly dominate it even if they sought to. And they have no such intentions to begin with. All they ask is that they be given the same rights and responsibilities as all others to serve the cause and the interests of the people.

We present the above analysis, not as an argument for the Left

alone to form a third party. We present this analysis so that all who are convinced by our program will work for the winning of the trade unions, and other people's organizations, for this program. We have been urging, and will continue to urge and work for, the unity of labor. We urge united action on the immediate and vital issues and we urge the full and organic unification of the trade union movement. We urge upon the labor movement policies that will not only serve the interests of labor, but will make it possible for labor to help unite all the common people against the trusts, their common foe.

We Communists never place the interests of our Party, in the sense that other parties do, above the interests of all labor and all the common people. We do not look for so-called partisan gains. Such an approach is, of course, easy for us. For our Party is dedicated to the interests of labor and the people. We have no interests separate and apart from labor and the people. We have demonstrated this time and again in elections and in many other ways. Ours is the party that believes in Socialism, the party that is certain that the American people, in their own way, will in time come to realize, as we do, the need for Socialism and make it a reality in our country. But at present that is not what the majority of the American people want and that is not the issue in our country today. From a narrow par-

tisan interest, of which we are never guilty, and would not be Communists if we were, we could make great headway in the coming elections if no third party were formed. We would then be the only alternative to a Republican ticket headed by a Dewey and a Democratic ticket headed by a Truman. But we are concerned with the great issues at stake in this coming election and we want to help unite the majority of the people against the immediate dangers. We want to prevent fascism and maintain and extend democracy so that the people will be able to determine their own future.

The reactionary opponents of a third party make use of our advocacy of a third party as final proof that the third-party movement is Communist-inspired and Communist-dominated. But let us take the fact that the Communists have always advocated the organization of the unorganized. They helped build the unions, the A. F. of L. and the C.I.O. unions as well. Did that make the issue of organizing the unorganized a "Communist plot"? To be sure, the open-shoppers said so. But the labor and progressive forces knew better. Did that make the unions, A. F. of L. and C.I.O., Communist organizations? To be sure, the Red-baiters, the labor-haters, said so and still say so. But they say this, not because it is true or because they actually believe it themselves. They say it in order, by playing on backward prejudices, to divide the labor

movement and make it ripe for destruction.

The opposition to the monopolies and their program embraces the great majority of the people. The reason the monopolies are able to defeat the people is that the labor and people's movement is not united and lacks clarity on many issues. They are able to put over their program through the two-party system and their control, in the main, of both major parties. We know that not only labor, but the majority of the people oppose the Taft-Hartley Act, as was revealed in a recent Gallup poll. Nevertheless, the overwhelming majority, more than two-thirds, of the members of both Houses of Congress voted the bill into law. The reactionaries are able to have the upper hand because the coalition that is arising against them is still disunited and lacks a clear and unified program.

Despite these weaknesses, the coalition already exists and will continue to grow stronger and more united as it gains experience in the struggle. There was a great movement against the Taft-Hartley Bill, which embraced not only workers, but also farmers, Negro people, professionals, educators, churchmen, veterans and others. There is a developing movement against the Truman Doctrine and now against the Marshall Plan as it becomes clear to ever greater numbers, that it is, in fact, an extension of the Truman Doctrine. There is a strong move-

ment among the Negro people, supported by ever-increasing sections of the white people, for equal rights for the Negro people. Millions are resisting rent increases and are looking for ways to fight the rise in prices. The workers are struggling for wage increases; the veterans are struggling for their rights. All these movements, though as yet disunited, are part of the gathering coalition against the trusts.

All sections of the labor movement, rank and file and leaders, are on record to work for the defeat of all Congressmen who supported the Taft-Hartley Bill. Within the labor movement we have the C.I.O.-P.A.C., which is now being reactivated for the 1948 elections. Repeal of the Taft-Hartley law is already a plank in labor's election platform. Such organizations as the P.C.A. have shown that they have remarkable support, as indicated in the huge gatherings P.C.A. was able to organize for Wallace in every section of the country. Even such organizations as the Liberal Party in New York and the Americans for Democratic Action, which were organized by the Social-Democrats as splitting movements and in opposition to the American Labor Party and P.C.A., contain large numbers of people who desire to fight the trusts and who can be won for such a struggle despite the Social-Democrats who dominate these organizations. A correct approach to these organizations, based on the application of the

united front, would make it very difficult for their leaders to continue to keep many of their members chained to the present policies of these organizations.

The third-party movement and even the Wallace-for-President movement, which is much broader than the third-party movement, are, in fact, the most advanced sectors of this developing coalition of the people against the trusts. This demands of the Left-Progressive forces a most skillful approach to their task of influencing the movement for a third party and the development of actual third-party organization in those states and communities where the situation is becoming ripe. On the one hand, the Left-Progressive forces in the trade unions and other people's organizations must show initiative and, through discussions, develop the thinking of the masses to an understanding of the need for a third party and its role. They must answer all the honest doubts of the leaders and the masses. They must register support for the third-party movement. But at the same time they must work in a manner that will not separate the third-party movement and the Wallace-for-President movement from all other groups which, while opposed to the third party now, are anxious to carry on the fight against the trusts, to defeat those Congressmen who voted for the Taft-Hartley Bill, etc.

All the Left and progressive forces, all those working for the third party,

for Wallace for President, can and must find common ground with such groups in working for progressive pro-Roosevelt delegates to the Democratic Convention. They can strive to develop in each Congressional District the broadest unity of the labor-progressive forces around issues and candidates that will guarantee the election in 1948 of a Congress responsive to the will of the people and not the trusts. This means, of course, to influence and determine the nomination of candidates for Congress in the Democratic Party and, in some districts, in the Republican Party as well. It also means in some districts where neither of the candidates for Congress is acceptable to labor and the people, the nomination and election of Congressmen on a third ticket irrespective of whether there is a national third party or not.

The Left-progressive forces in the labor movement and in the people's movement generally have the task of organizing the broadest united front and people's coalition in defense of the immediate interests of the people. This involves national, state, and municipal issues. This involves preparations to influence the next January session of the 80th Congress, the various meetings of the state legislatures, as well as the city legislative bodies.

Such a policy demands of the labor-progressive forces already committed to a third party and to Wallace for President the taking up, not

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only of such vital issues as wages, prices, and rents, but also the problems of the Negro people, the Jewish people, and all minority groups facing special problems of discrimination. It demands the clarification of issues of foreign policy and a demonstration of the inner connection of these issues with the daily life and liberties of the people.

Of special importance are the trade union conventions that will take place in the coming months. Labor's role today as the defender of the national interests, as the defender of the interests of all the people, makes these conventions of vital concern to all the people. Labor needs the support of the people in defense of its own rights and interests. The people equally need the support and leadership of labor. These labor conventions are people's gatherings whose deliberations will help shape the future of our country and its people. The Left-progressive forces in the unions, who loyally support the democratic decisions of their respective unions, have a great responsibility in connection with these gatherings. While displaying the

maximum initiative, they must work in a manner that will assure that the alliance of the Left and middle elements of the unions will guarantee the maximum unity of their organizations and on the basis of a progressive program.

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The 1948 elections will decide crucial issues. Our country's future is at stake. The enemies of the people have strongly entrenched positions. But an aroused people led by a united labor movement can defeat them. The problems to be solved in order to register the people's will in the elections are many and complicated. But they can be solved. By gaining greater clarity, by learning how to work more effectively, the Communists and their Left supporters can make a great contribution toward their solution. In the process of achieving this, if we bear in mind the role of our Party and use every possibility that exists to build the Party, we shall be able all the better to make our contribution a more effective one.

# MARXISM AND AMERICAN "EXCEPTIONALISM"

By WILLIAM Z. FOSTER

AS THE MARXISTS-LENINISTS of the world celebrate during this year the 100th anniversary of the writing of the *Communist Manifesto* by Karl Marx and Frederick Engels, the great principles of social development laid down in that immortal document are being dramatically confirmed by the course of history and by the present state of the world. On the one hand, the international capitalist system, wracked and disrupted by its own incurable internal contradictions, is plunging deeper and deeper into general crisis, with several great empires prostrate and disintegrating, and whole populations starving from protracted economic crisis and devastating war. And, on the other hand, the cause of world democracy and Socialism is marching on irresistibly, as indicated by the vastly strengthened position of the Soviet Union, the development of advanced types of democracy in many European countries, the tremendous liberation upheavals in the colonial lands, the great expansion of trade unionism on an international scale, the big growth of Communist Parties in

various countries, and the rapid development of Marxist-Leninist ideology among the workers of the world. Marx's discovery of the laws of social development in general and of capitalist society in particular, his scientific analysis of the fundamental contradictions of the capitalist system leading to its breakdown and the inevitable establishment of socialism stamp him as one of the most gigantic intellects of all time.

There would seem, however, to be one very major exception to this striking confirmation of Marxism-Leninism, namely, the economic and political situation prevailing in the United States (and in Canada). American capitalism would appear to be exempt from the disintegrating forces that have undermined capitalism in other countries and have given rise to powerful Socialist movements. The United States, far from being crisis-stricken, as are other capitalist lands, is now experiencing the greatest wealth and prosperity ever known anywhere in world history. Capitalist economists, blithely ignoring the wide areas of poverty among our people, are outshouting each other in boasting of how rich and prosperous this country is and of the tremendous production achievements made by our people, who comprise only 6 per cent of the world's population and who occupy but 7 per cent of the world's habitable area. In his recent book, *Tomorrow's Trade*, Stuart Chase declares:

... America is producing around 60 per cent of the world's manufactured goods. . . . She possesses 67 per cent of the fighting ships, 60 per cent of the battle planes, 70 per cent of the merchant ships, 75 per cent of the transport planes of the world. From her coal mines, oil wells and penstocks spring more than half of the world's horsepower.

In addition to this, the United States possesses the greatest supplies of surplus foodstuffs, as well as about three-fifths of the world's gold reserves, and, dear to the heart of the warmongers, it also has the fearsome atomic bomb.

President Truman adds his voice to the swelling chorus praising America's economic successes. In his Mid-year Economic Report, July, 1947, he stated that with 60,000,000 employed and a national production rate of 225 billion dollars yearly (150 billions in 1938 dollars), Americans now enjoy the highest living standards ever known. The President declares proudly that ours is "the richest and most powerful productive machine ever devised by the minds and hands of man."

American capitalist ideologists rush to draw far-reaching implications and theories from this prosperous position of the United States. They would have us believe that the "American Way" is fundamentally different from, and superior to, the "way" of capitalism in the rest of the world and that, with its characteristic "free enterprise" and mass production, American capitalism is

not subject to the ruin and collapse that is increasingly afflicting the other parts of world capitalism. The economic and political laws discovered by Marx, they say, do not apply to the United States. This is American "exceptionalism."

Besides their notion that American capitalism is free from the decay characteristic of world capitalism, the boosters of the capitalism in this country also would have us believe that our economic system is strong enough to pull the capitalism of the rest of the world out of its present deep difficulties and make of it once more a going concern. Without American help, economic and military, they believe capitalism in many countries would be lost and would have to give way to Socialism; but with American assistance, on the model of the Truman and Marshall plans, they think that all can be put in capitalist working order again. Powerful America, these "exceptionalists" believe, can beat back international Socialism and rebuild the world, if not fully in its own incomparable likeness, then at least in a livable form. They believe American capitalism is the magic force capable of saving and regenerating the otherwise doomed international capitalist system. These "exceptionalist" theories also have many followers among fascists, royalists, monopolists, and reactionaries generally in Europe, who are ardently hoping for the rich United States to rescue them from advancing democracy and to give them and

their system of exploitation a new lease on life.

In line with this grandiose "exceptionalism," American capitalists are militantly on the offensive against every manifestation of democracy and Socialism. They are everywhere trying to stamp out Marxist-Leninist ideology; they are seeking to strangle, economically and politically the new peoples' democracies of Europe; they are fighting to denationalize the industries in Europe and to re-establish "free enterprise"; they are feverishly striving to unite and arm the capitalist world for eventual war against the U.S.S.R., the strongest citadel of world Socialism; they are violently attacking democracy in this country; they are aggressive Red-baiting crusaders against the so-called Communist menace. In this 100th anniversary year of the *Communist Manifesto*, therefore, the boldest challenge to all that Marxism stands for, both theoretical and practical, is coming from the capitalists of the United States.

But this challenge will prove to be in vain. Marxism is impregnable to American capitalist attacks. The "exceptionalist" belief that the economic and political system in the United States is structurally and otherwise on a different and higher plane than capitalism in other countries rests upon false premises. Capitalism everywhere is based upon the same fundamental principles. The greater strength of American capitalism, as compared with the broken-down

capitalist systems in other countries, merely signifies that it has developed under historically more favorable conditions than world capitalism generally. Although this gives American capitalism a temporary advantage over other capitalist systems, nevertheless capitalism in this country has all the internal and external stresses and contradictions that have wrought so much havoc with capitalism in the rest of the world. It bears within itself the characteristic capitalist seeds of decay and collapse. American capitalism cannot turn back the wheels of Socialist and democratic progress in other lands; it cannot even prevent the eventual victory of Socialism in the United States.

#### FAVORABLE DEVELOPMENT CONDITIONS OF AMERICAN CAPITALISM

Capitalism, although everywhere fundamentally the same, nevertheless does not develop in identical forms and with an even tempo all over the world. Its growth and specific peculiarities in the various countries are conditioned by many widely varying circumstances. These divergent national conditions either hasten or retard capitalist development, give it unusual strength or weaknesses, or stamp upon it particular characteristics. Consequently, there is a superficially different capitalist pattern prevailing in the various parts of the world. It was one of Lenin's greatest contributions to Marxism to have formulated the law

of this uneven development of capitalism and to have shown its profound revolutionary significance.

The United States provides the world's outstanding example of a capitalist system that has developed historically under ultra-favorable conditions. Canada is in much the same position, but on a lesser scale. These many advantages have facilitated American capitalism's growth enormously, in contrast with the less favored capitalist systems of other countries. It is only by examining some of the more important of these favorable conditions that one can understand the present greater strength of American capitalism as compared with other capitalist countries and also its specifically American features. Thus, too, will be made clear the source of the "exceptionalist" theories that would have the United States play the role of the international organizer of a new and fundamentally healthy system of world capitalism. Let us, therefore, indicate, at least briefly, some of the many peculiarly favorable conditions that have contributed to the present advantageous position of American capitalism.

1) *Absence of a feudal political national past:* The United States, because of its two revolutions, in 1776 and 1861, has long been freer of the retarding remnants of feudalism (such as a powerful land-owning nobility, a state church, etc.) that so seriously plague and restrict capitalism in many parts of the world. An exception, of course, is

the South. Czarist Russia furnished a classical example of how feudal forces holding political power hamper and slow down the development of a capitalist industrial system. Free from such hampering factors our country, especially since the Civil War, has been the most completely capitalist power.

2) *Tremendous natural resources:* The United States is endowed with nearly all the vital war materials needed for the building of a major industrial country. Coal, iron ore, oil, lumber, copper, gold, water-power, and agricultural land it has in abundant quantities. This great supply of raw materials, the equal of which is possessed by no other country save the Soviet Union, has vastly speeded and strengthened the development of capitalism in the United States, as compared to other countries. Incidentally, together with its great stores of natural resources, this country also generally has a climate very congenial to the life of an industrial society.

3) *A vast unified land area:* American capitalism has also been especially favored in that it has conquered by a ruthless policy of expansionism a huge, continent-wide stretch of country, embracing over 3,000,000 square miles. Consequently, it does not suffer from the weakening effects of networks of national frontiers, with their endless trade, travel, and industrial barriers, such as those which hamstring capitalism in Europe.

4) *Insatiable demand for labor*

*power:* For many decades American capitalism, growing rapidly in an empty continent, experienced a chronic shortage of workers (depression periods excepted), which many millions of European immigrants barely sufficed to alleviate. This almost chronic dearth of workers operated dynamically to develop growing American capitalism. Not only did it lay the basis for the present relatively high American living standards by strengthening the purchasing power of the masses, thus helping to create a big domestic market, but, more important still, the long-continued labor shortage compelled American employers to search, as no other employers ever did, for every possible labor-saving device. This situation gave a profound impulse to Yankee inventive genius, to widespread mechanization, and generally to the industrial efficiency that is such a marked feature of modern American capitalism and that gives the United States so great an advantage in the world market.

5) *Highly strategic location:* Still another tremendous advantage of American capitalism is the very strategic geographical situation of the United States. With many thousands of miles of coastline and dozens of fine harbors on both the Atlantic and Pacific Oceans, this country has free access to all the main trade lanes and markets of the world. No other big nation equals the United States in this general respect.

6) *Freedom from the ravages of war:* The strategic location of the United States further favored American capitalism by making it unnecessary over many decades to maintain a huge land army and by shielding this country from the widespread devastation wrought by the two world wars of our time. While the other capitalist countries were being ruined by these wars, the United States grew strong on them. This advantage can hardly be overestimated. The two world wars have been an enormous factor in stimulating American industrial activity and growth during the past generation. From 1914 to 1918, American industry prospered and expanded through the production of war munitions. After World War I, the filling of gigantic reconstruction orders from Europe (financed by American loans) was an important factor in the hectic "prosperity" of the 1920's. The tapering off of this European postwar reconstruction helped bring about the crisis of 1929, when American industry collapsed into the deepest economic crisis the world has ever known, production in this country falling off by 47 per cent, a decline altogether without precedent in our history. And the slump continued up to 1940 being only partly overcome (1937) by Roosevelt's "pump-priming," or until the industries were again nourished with the red blood of war, this time of World War II. Once more, as the other capitalist countries were being ravaged by military conflict, Amer-

ican capitalism, because of its strategic war-free location, grew and flourished. Fed by the new war's demands for goods of all sorts, American industry again expanded by leaps and bounds. During the war over 15 billion dollars' worth of new plants was built, and national production was doubled. And the main basis of American capitalism's present feverish activity is the repairing of the gigantic property damages and commodity shortages caused here and abroad by World War II. Such has been the vital role of war in the growth of the United States' highly developed capitalist system in recent decades.

These many great special advantages enjoyed by American capitalism—the comparative absence of feudal economic and political remnants, the continental expanse of the United States, the possession of huge natural resources, the unified character of the American state, the strategic location of the country, its relative immunity from the ravages of the world wars, and its actual fattening upon these wars—have all tended to speed the growth of, and strengthen, capitalism in this country. Following the Civil War the rate of industrial growth here was without a rival, until eventually it was surpassed by that of the new socialist U.S.S.R. Although coming late into the field of world capitalism, the United States by 1890 overtook and passed Great Britain, long the world's leading industrial power. Nor could Germany and Japan, also

late-comers and quickly developing capitalist countries, come even within hailing distance of the rapidly growing United States. Hence, highly-advantaged American capitalism has gone on expanding until today the industrial production of this country is far greater than all the rest of the capitalist world put together. But it must again be emphasized that this success of American capitalism has not been caused by any intrinsic superiority in its structure and nature; it is a temporary situation brought about by the special advantages which capitalism in this country has enjoyed in such large measure, some of the more important of which have been indicated above.

#### "EXCEPTIONALIST" ILLUSIONS

The following are some of the principal illusions, cultivated by the American "exceptionalists," as to the supposed inherent superiority of American capitalism over capitalism elsewhere.

1) *Mass Production*: One of the most important aspects of American capitalism, which "exceptionalists" claim set it apart as basically different from world capitalism and give it a structural strength not possessed by the latter, are the mass production methods so typical of American industry. In reality, however, these techniques do not indicate any distinct peculiarity of American industry beyond the especially favorable conditions, pointed out above, under which this country's economic

system has developed. Other countries can and do employ mass production methods to the extent that their supplies of raw materials and the breadth of their available markets make it possible.

Besides not being "exceptionally" American, mass production methods also do not lend structural strength to the capitalist economy in this country. By the same token, they cannot be a panacea for a sick world capitalism. Quite the reverse is true. Mass production under capitalist conditions, by increasing the exploitation of the workers, tends sharply to increase the disproportion between their producing and consuming power. In the long run, capitalist mass production therefore intensifies the crippling effects of the fundamental contradiction of the capitalist economic system: the conflict between the social character of production and the private character of appropriation. Consequently, instead of being the means of eliminating cyclical economic crises, mass production inevitably makes them deeper, more frequent, and more prolonged. It is significant that it was precisely the United States and Germany, in which mass production techniques were the most highly developed, that the world economic crisis of the 1930's affected with the greatest severity. That great crisis originated in the United States, and, all through it, the crippled American economy tended to drag the rest of world economy deeper and deeper into the slump.

2) *Non-Imperialism*: Another major illusion of the believers in American "exceptionalism" is to the effect that United States capitalism is non-imperialist, or even anti-imperialist. Their theory is that this country, contrary to all other capitalist great powers, pursues a policy of "democratic internationalism." Such people contend that the United States, in its foreign relations, applies policies which do not result in the winning of crass material advantages for American capitalists at the expense of other nations, but which operate to improve the welfare and freedom of the peoples of the entire world. According to these "exceptionalists," the United States, therefore, industrializing and democratizing the backward areas of the world, exerts a unique and powerful stabilizing influence in the economy and politics of the world and is a major force for peace.

This notion, which is almost universally current in the American conservative, liberal, and trade union press, is sheer nonsense. In reality, the United States is not only an imperialist country, but the strongest and most aggressive one of all. This country has all the qualities of an imperialist power, as defined by Lenin. Its industry and banks are highly monopolized and are under the general control of finance capital; it is far and away the world's greatest exporter of capital; and it systematically carries out a ruthless policy of dominating the markets and peoples of the world.

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The United States has no elaborate colonial system, it is true, such as other great imperialist powers have. On this fact the "exceptionalists" base much of their argument that imperialist America is playing a progressive international role. The United States' lack of colonies is to be explained, however, by two basic reasons having nothing in common with so-called American "democratic internationalism." First, capitalism in this country, busily engaged for many decades in developing its huge home market and rich natural resources, did not enter into the struggle to control world markets, raw materials, and strategic territories until after the world has been almost completely divided up among the earlier imperialist powers, England, France, etc. Second, by means of its vast supplies of capital and its "dollar diplomacy" and "atom-bomb diplomacy," the United States has been able to establish effective imperialist controls over many peoples making their economic and political systems subordinate to its own. This it does without formally transforming their countries into colonies. The United States is a master of the technique of setting up puppet, pseudo-independent governments in its satellite countries. Its present aim is no less than that of subordinating the whole world, by economic, political, and military pressures, to its sway and to its own characteristic system of imperialism. The Marshall Plan is nothing but the bitter Truman Doctrine, sugar-coated in order

to establish American imperialist domination over Europe.

Instead of being a stable political force, therefore, industrializing and democratizing the world, the United States, driven on by its irresistible need to find markets for some 25 billions yearly of surplus capital and for mountains of otherwise unsaleable commodities, is actually the most disruptive, restrictive and reactionary of all factors in the world economic and political situation. Its policies lead, not to peace, but to war. If there is anything "exceptional" about Wall Street capitalism in the world arena, consequently, it is that it is the biggest, most powerful, and most ambitious system of imperialism the world has ever known.

3) *A non-Socialist Working Class:* Another specific feature of the situation in the United States which the "exceptionalists" make very much use of to bolster their case is the fact that the vast mass of American workers are non-Socialist, or even anti-Socialist. The workers not only do not set Socialism as their ultimate goal, but they do not even generally raise slogans for the nationalization of basic industries. The minds of the bulk of the American workers are contaminated with capitalistic illusions, particularly the Keynesian, brand of reformism or its Rooseveltian version. The labor press, save for the Left Wing, fairly reeks with capitalist propaganda, with trade union leaders trying to outdo the monopolists in pledging loyalty to

the so-called free-enterprise system. Also, unlike the workers of other great capitalist lands, the American working class has not organized a mass party of its own, but follows along after the capitalist-controlled Democratic and Republican Parties. All of this is interpreted by the "exceptionalists" as signifying that American capitalism is so sound that the working class is immune to Marxist conceptions. The whole world may go Socialist or Communist, say these "free enterprise" soothsayers, but the American workers will remain unshakeably faithful to the capitalist system.

This is an unjustified conclusion. The failure, so far, of the American working class to develop Marxian class-consciousness and a Socialist perspective, and to build a mass party of its own such as other working classes have done, merely signifies that large masses of the workers in this country, particularly the skilled workers, as a result of the favored situation of American capitalism, have been living under better economic conditions than the workers in other countries. It is nonsense, however, to say that the working class, as an exploited class, is disappearing in the United States, as many "exceptionalists" claim. Let us not forget, as Roosevelt pointed out, that one-third of our people (mostly the workers) are ill-clad, ill-fed, and ill-housed. Moreover, the degree of exploitation of American workers is constantly on the increase and they get an ever-smaller share

of their total production. The gap, fatal to capitalism, between their producing and buying powers, is widening. *Labor Fact Book* 8, prepared by the Labor Research Association, says in this general regard: "Although the worker in manufacturing has held his relative position during the war years, over a long-range period he has been losing ground. Our studies show that between 1899 and 1946, the relative position of the employed worker in manufacturing declined over 30 per cent." Meanwhile, corporation profits are soaring to unheard-of heights, this year reaching the fabulous figure of 17 billion dollars.

As economic conditions become more difficult here, we may be certain that our working class, under pressure of ever-increasing exploitation, mass unemployment, etc., will slough off its capitalist illusions and make tremendous strides forward ideologically and organizationally. In Great Britain, so long as that Empire was prosperous and expanding, the British workers were resistant to Socialist ideas, but now, with the British Empire in crisis, they are, despite the efforts of the imperialist-minded Labor Party leadership, definitely beginning to look toward Socialism to solve their growing economic problems.

The American working class is passing through the same general evolution, although under its own special conditions. Since the outbreak of the great economic crisis of the 1930's, the workers in this coun-

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try have lost much of their faith in capitalism. Faced by hard necessity, they not only built the vast new trade union movement, but they also learned the vital lesson that if they are to have jobs, a decent living, and protection for their old age, they must engage in political action. They will learn, however, that the Keynesian reforms offer no basic solution. The American working class is being steadily politicalized by national and world developments and is on the road to class consciousness and a Socialist perspective.

Those "exceptionalists" who believe that Marxist-Leninism can be excoriated from the United States by wishful thinking, by Red-baiting, by denying Left-wing workers the right to hold official union posts, and by throwing Communist leaders into jail, are in for a rude awakening by the progress that will be made toward Socialism by the American working class within the next few years.

4) *American Democracy*: The "exceptionalists" also attribute magic democratic regenerative qualities to the American Government. The policy of our Government is assumed to be an "exception" to the generally reactionary course of capitalist governments. Thus, they tell us that not only is democracy unassailably established as the bedrock of capitalism in the United States, but also that the Truman Administration, with its (Wall Street) bipartisan foreign policy, is carrying on a crusade to cultivate democracy throughout the

rest of the world. It would seem that American capitalism is not only tending toward strengthening the world's economic system, but also its democracy as well.

This is nonsense, of course. The American Government is dominated by monopoly capital and, save to the extent to which it is restrained by mass democratic pressure, its trend, like that of monopoly everywhere, is toward fascist reaction. Actually, in this country at present there is a serious and growing fascist danger. This danger is all the more insidious because budding American fascism, like other social phenomena in the United States, is developing under its own specific forms. These forms, inasmuch as they must take American democratic traditions into consideration, differ on the surface from those of European fascism, but in substance they are the same social poison. Incipient American fascism, for example, lacks much of the theoretical mumbo-jumbo that was so pronounced a feature of German and Italian fascism. Thus we hear from the native American fascists, or half-fascists, little about the "bankruptcy of democracy," the "leading role of the social elite," the glorification of war as a dynamic social force, etc., etc. Nevertheless, American fascist tendencies, as seen in the Taft-Hartley Act, the activities of the House Un-American Committee, the atrocious lynching and other attacks upon the Negro people, the growth of anti-Semitism, the rank spread of militarism, etc.,

constitute a real and growing danger on the domestic scene in the United States. As for our foreign policy, instead of cultivating world democracy, as alleged, it is everywhere stimulating reaction of every kind. The monopolists who are dictating the Government's foreign policies have put our country in the deplorable position of being the chief organizer of world reaction, which means fascism. The great Wall Street bankers and industrialists, like their confreres in Europe, instinctively turn in the direction of a perspective of a fascist world, although they dare not be so brazen about it as were their German brothers in spirit under Hitler. It is because they have such a reactionary perspective that they are so resistant to the utopian appeals made to them by opportunists to adopt Keynesian reforms on the grounds of their capitalist "intelligence," and with the contention that it will conform to their "true class interests." American monopolists, the rulers of our country, are not at all "exceptional"; they are just plain reactionaries, with specific American trimmings.

#### THEORIZING AMERICAN "EXCEPTIONALISM"

From an early period in the history of capitalism in the United States, bourgeois economists have tended to develop theories of American "exceptionalism." Louis M. Hacker expresses this attitude in the opening sentence of his big, two-

volume work, *The Shaping of the American Tradition*, saying: "American have always been convinced of the uniqueness of their civilization." Conceiving the rapid development of capitalism in this country in a narrow nationalist sense, capitalist writers have easily looked away from the favorable conditions that caused this rapid growth and have come to conclude that American capitalism is structurally different from European capitalism and, consequently, more or less exempt from the latter's obvious weaknesses and internal contradictions.

The fundamental flaw in this position of the "exceptionalists" is that they take subordinate aspects peculiar to American capitalism and draw absolute and basic conclusions from them, ignoring the fundamental fact that the basic structure of capitalism is the same everywhere. Marxists, on the contrary, base their conclusions on the fundamentals of the American capitalist system, properly attaching relatively less decisive weight to its specific, American, national, unique features.

Marxists, in commenting on conditions in the United States, have always had to fight against the strong "exceptionalist" trend in American economic and political thinking and to point out that American capitalism is subject to the same basic economic laws as capitalism all over the world. Characteristically, Frederick Engels in 1887, in the preface of his book, *The Condition of the Working Class in England in 1844*

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had the following to say regarding the American "exceptionalism" of his time:

In February, 1885, American public opinion was almost unanimous on this one point: that there was no working class, in the European sense of the word, in America; that consequently no class struggle between workmen and capitalists, such as tore European society to pieces, was possible in the American Republic; and that, therefore, Socialism was a thing of foreign importation which could never take root on American soil. And yet, at that moment, the coming class struggle was casting its gigantic shadow before it in the strike of the Pennsylvania coal miners, and of many other trades, and especially in the preparation, all over the country, for the great Eight Hours movement which was to come off, and did come off, in the May following.

With the passing of the years since the Civil War, American capitalism, on the basis of its especially favorable conditions, became stronger and it eventually grew into the most powerful system of any country in the capitalist world. So, too, did the theories of American "exceptionalism" grow and flourish. A particularly rank growth of these illusions took place after World War I. That war made the United States definitely the world capitalist leader. Moreover, after the war had ended, the big influx of war reconstruction orders and the intensive development of mass production techniques, all stimulated by the war situation, plunged the United States into a postwar boom,

the like of which the world had never seen before.

Intoxicated by this "prosperity," the capitalist economists of the period spun "exceptionalist" theories galore. Tugwell, Carver, Gillette, Hoover, and many others declared that American industry had "come of age"; that it had overcome its internal contradictions; that there would be no more economic crises in this country; that the American workers were becoming capitalists and the capitalists workers; that the United States had given birth to a "new" capitalism which would revolutionize the world. With loud boasting they claimed that Ford had superseded Marx.

Capitalists in other countries caught this contagion and dreamed of applying the new American production methods and demagoguery in their own countries. Social-Democrats all over the world also plumped for American mass production and hailed it as the way to Socialism. American trade union leaders, including most of the progressives, swallowed whole this new burst of "exceptionalism." They declared that strikes were no longer needful, that it was necessary only to cooperate with the employers to increase production, whereupon the workers would come to enjoy an endless spiral of improving living standards. Enthusiastically, these union leaders worked out their "New Wage Theory" and their no-strike "Higher Strategy of Labor," which became the official A. F. of L. and Railroad

Union economic policies, and the unions entered into the most intensive (and disastrous) class collaboration this country has ever known.

Even the Communist Party was not immune to the orgy of American "exceptionalism" during the 1920's. Jay Lovestone, then its general secretary, tried to put the stamp of Marxian approval upon the opportunist movement. Accepting the basic position of the bourgeois "exceptionalists," he spoke of the industrial boom as a "second industrial revolution" which he believed had liquidated the internal contradictions of American capitalism, and which foretold a long period of general capitalist upswing. Lovestone sought to support his fallacies by distorting Lenin's theory of the uneven development of capitalism. He contended that capitalism was fundamentally healthy in the United States although unhealthy in the rest of the world. The theoretical implication of Lovestone's line was that the general crisis of the world capitalist system did not affect capitalism in the United States, and its practical effect would have been further to disorient the working class by throwing the Communist Party under the political tutelage of the capitalists.

The Communist Party exposed and condemned Lovestone's opportunist line. Eventually he and his handful of followers were expelled from the Party. The expulsion resolution of the Central Committee,

published in the *Daily Worker* of July 23, 1929, could be profitable re-read at the present time. Although the capitalist, liberal, trade union, Social-Democratic, and pseudo-Communist "exceptionalists" in that period were intellectually deeply intoxicated by the unparalleled period of capitalist "prosperity," the Communist Party clear-headedly warned of the coming economic crisis, which broke in full fury only three months after the publication of the Central Committee's resolution against Lovestone's "exceptionalism." In this resolution the Party said the following, which might well be hearkened to by the American labor movement in the present post-World War II period of industrial boom and illusory "exceptionalism":

The more glorious capitalism seems to be, when measured by the seemingly phenomenal progress of its productive forces, the more hollow does the colossus of capital become.

The great industrial overproduction crash of October, 1929, not only laid American industry low, but also, at the same time, shattered the "exceptionalism" that had flourished so profusely during the boom years. The economic collapse demonstrated that American capitalism was fundamentally the same as capitalism all over the rest of the world and subject to all its basic economic laws. Instead of being a force, therefore, for strengthening world capitalism, American capitalism, in this great crisis, operated to upset and still

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further weaken capitalism in other countries. It turned out that not Ford, but Marx was correct.

During the next 10 years, with American capitalism struggling in vain to pull itself out of the stubborn economic slump, the "exceptionalists" piped very low. Nothing much was heard from them until World War II gave a new shot in the arm to American capitalism, which then promptly generated an even more luxuriant growth of "exceptionalists" illusions than had taken place in the course of the hectic economic boom, from 1922 to 1929, after World War I. Now, in the aftermath of this second great war, the capitalists are disinterring the old "exceptionalist," class-collaboration catch-phrases of the 1920's, polishing them up, and using them again to fool the workers. In the changed conditions of today they will not succeed to the extent they did a generation ago; but it is amazing how readily many trade union leaders, supposedly progressive, are taken in by these speed-up, union-paralyzing slogans.

But today American capitalism is more ambitious in its perspectives than it was two decades ago. Now it considers the whole world to be its oyster. During World War II capitalism in this country, as in the First World War, grew and flourished, but on a far greater scale. National production expanded enormously, the industrial plant in the United States was increased by as much as the total industry of prewar Germany, and the giant corporations

piled up fabulous profits and financial surpluses. Moreover, while the United States was growing rich in this war, the other big imperialist powers—Germany, England, Japan, France, Italy—were being either smashed or disastrously weakened. Consequently, after this war, the United States found itself not only stronger, but also, relatively in a much more favorable position with regard to other capitalist countries.

Clearly, at the close of World War II the stage was all set for American imperialism to make a bid for world domination in the postwar period. This, many capitalist apologists hoped, would solve the problem of exporting America's huge surpluses of goods and capital. Hence, the capitalist ideologists, "exceptionalists" all, began to shout of America's moral duty to save and reorganize the whole world. Henry R. Luce, the big publishing capitalist, even before the war ended had issued his famous call for the inauguration of *The American Century*; Eric Johnston wrote his super-heated book, *America Unlimited*; an imperialist program based on what he calls "the people's capitalism," and innumerable other bourgeois writers shouted to the American capitalists to "come and get it" while the getting was good. Their central aim was to beat the unions in this country, to defeat world Socialism, and to re-establish "free enterprise" in all the major countries, which sums up to a program of American monopoly domination of the world.

The Rooseveltians took some exception to the ruthless competition, planlessness, and imperialist aggression that constituted the postwar economic program of Big Business. Having learned the lesson during the long economic crisis and depression of the 1930's that American capitalism, far from being crisis-proof as the monopolists' mouthpieces were bellowing once more, was subject to periodic and deep-going economic crises, they proposed, therefore, to guard against such collapses in the future by adopting a whole series of measures designed to buttress the purchasing power of the masses of the people. Quite generally, the Social-Democrats and many labor leaders accepted this Keynesian theory, which they found it possible to do while supporting American capitalism's imperialist foreign policies, and, in many cases, also the employers' class-collaboration speed-up plans in this country. Big Business spokesmen, however, dominating the Eightieth Congress just ended, rode roughshod over the Rooseveltian proposals to guard against the crisis and they set all sail on a course of "boom and bust." They also revived the "exceptionalist" theory that American imperialism, without any fancy Roosevelt-Keynesian reforms, was quite able to overcome any tendency on its part toward cyclical crises, with the addition that American capitalism can also put war-shattered world capitalism on its feet again—at least enough to check the spread of Social-

ism, Communism, and the new peoples' democracy.

The fresh upsurge of American "exceptionalism," which began toward the close of World War II, the perennial belief that capitalism in this country is not of the same stuff as the rest of world capitalism and can cure the latter's ills, again found a strong echo in the Communist Party. This time its advocate was Earl Browder, General Secretary of the Party. Browder, in his belief in the miraculous working powers of American capitalism, went far beyond the opportunism of Lovestone of 15 years earlier, and also even that of the most sanguine capitalist "exceptionalists" themselves. Like Lovestone before him, Browder undertook to support his opportunism by crudely distorting Marx and Lenin. What the Central Committee of the Communist Party said in expelling Lovestone in 1929 could well have been repeated against Browder in 1944, namely, that "all revisionists of Marx, all revisionists of Lenin, have always decked themselves in the role of the true defenders of Marx and Lenin." Browder, calling upon the Communist Party to lay aside the "old books" (namely, the Marxian classics) nursed nothing less than the conceited ambition of rewriting Marx on the basis of American "exceptionalism."

Browder, in order to show how American capitalism could overcome its internal economic and political contradictions and also rescue broken-down postwar capitalism in

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other countries, drew, in his estimate of the significance of the Teheran wartime conference, a glowing utopian picture of the American big capitalists' voluntarily doubling and redoubling their workers' wages, and also of their launching great industrialization projects in various undeveloped parts of the world. All of these grandiose schemes were designed to spread broadcast democracy and mass well being. Strikes, Browderism held, were no longer necessary for the American workers. All they needed to do to get an expanding peace, democracy, and prosperity was to cooperate with the "progressive" and "intelligent" big capitalists of the United States.

This was an extreme example of American "exceptionalism." Browder, in his eagerness to adapt himself to the needs of the imperialists, cast aside not only the Communist Party and its goal of Socialism, but also every other principle of Marxism-Leninism. He became the self-appointed adviser-in-chief to American Big Business. His proposals could only work out to enrich the capitalists in the United States and to further the drive of American imperialism to master the world for the benefit of Wall Street. For trying factionally to support this grossly opportunist position, after it had been overwhelmingly rejected by our membership, Browder was expelled from the Communist Party.

The many big American strikes and political struggles, and the sharp international tensions, of the present

early postwar period have already destroyed Browder's fantastic "exceptionalist" dreams. This does not mean that attempts will not be made recurrently to resuscitate them. The coming economic crisis, signs of which are already at hand, will also, undoubtedly shatter the remaining bizarre brands of American "exceptionalism" even more completely than the great crisis of 1929 obliterated the then existing luxuriant crop of these characteristic American economic and political illusions.

#### "COMMUNIST MANIFESTO" IS VALID FOR THE UNITED STATES

American monopoly capitalism is not unique, a thing unto itself, with its own internal laws that are "exceptional" to the capitalism of other countries. On the contrary, it is flesh and blood, an organic part, of the world capitalist system, and it is subject to all of capitalism's inherent economic and political contradictions. American capitalism, despite its relatively greater strength, which is bred of its temporary advantages over the capitalism of other countries, is inexorably travelling the same path to decay as capitalism in Europe and elsewhere. The laws of capitalist growth and decline, worked out by Marx and Engels in the *Communist Manifesto*, apply to the capitalism of the United States, as well as to that of broken-down Europe.

In its present final monopoly stage

American capitalism, far from rescuing the world capitalist system from its general crisis with its Marshall Plan and other devices, is definitely deepening and worsening that general capitalist crisis. First, it is brewing a major economic crisis in the United States, which will have world-wide repercussions. Signs are multiplying that this economic crisis is now on the way. And when it arrives in full blast, it will deal a deadly blow to the already badly weakened world capitalist system. Second, American monopoly capitalism is now causing a new growth of fascism both here and abroad. This is demonstrated by such developments as the current orgies of Negro, Jew, Communist, and union-baiting in the United States, and by the Truman Administration's systematic support of fascists, royalists, and other reactionaries in various other parts of the world. Third, capitalism in this country, with its aggressive imperialist drive abroad and its ruthless campaign for militarism at home, is definitely fomenting another world war. But this war, which would be an atomic war on both sides, would not be such as the last two, in which we grew rich while other peoples did the main fighting and dying. Instead, this time our cities and industries would be ruined, and our people decimated. Moreover, we would have to fight the war virtually without potent allies, and we could not possibly win it.

Growing economic, fascist, and

war dangers are the stark realities of the effect of the United States upon the present world situation. They have nothing in common with Big Business "exceptionalist" demagoguery, shared by Republican and Democratic reactionaries, to the effect that American capitalism, turning the wheels of progress backward, can defeat world democracy and Socialism, and regenerate the world capitalist system. The whole course of American capitalism, if the monopolists are allowed to have their way, can only deepen the general crisis of capitalism and lead to further catastrophes for humanity.

American capitalism, despite its superficially prosperous condition, has fundamentally the same weaknesses as European and world capitalism. Hence, American workers, in their attitude toward capitalism, should draw basically the same conclusions regarding their system as the workers in other countries are doing. And, while bearing in mind specific American conditions, they should make fundamentally the same fight in defense of their living standards, peace and freedom. With these Marxian truths in mind, there are several major points of analysis and program upon which the labor and progressive movement in this country should orientate.

First, the workers and their friends should, as the advanced fighters in other countries are doing, realize very clearly that their main enemies are the big bankers, industrialists, and landlords—of whom the

Hoovers, Tafts, Deweys, Vandenberg, Trumans, Rankins, Hearsts, *et al.* are spokesmen. They should also realize that their fight must be pushed in such a manner that the power of these monopolists shall be curbed and eventually broken. The monopolists are the enemies of the people, the center of political reaction, the breeders of economic chaos, tyranny, and international conflict; they are traitors to the national interest, social parasites, and the major menace to civilization and the progress of humanity. The fate of our country and of the world depends upon economic and political power being won from them by the democratic masses of the people.

Second, the workers and other democratic masses should understand that the forces necessary to defeat the monopolists are the vast numbers of workers, farmers, intellectuals, Negroes, veterans, and other democratic strata, who constitute the big majority of the nation, and who must be united in a great national coalition. This is essentially the type of coalition that is taking shape, on a higher political plane, in the new European democracies, and it is native, too, to the United States. In modern American political history there have been movements possessing essential features of people's anti-monopoly coalition, which played important roles, as expressed, for instance, in the LaFollette electoral campaign of 1924 and the historically important Roosevelt movement following 1932. The effective crystal-

lization of the great national democratic coalition for the 1948 elections will require the establishment of a new, broad, anti-fascist, people's party to embrace all the forces that are naturally interested in opposing predatory monopoly capital.

Third, the workers and their political friends should realize, as have the workers of many other countries, that a powerful Communist Party is a major essential if a successful fight is to be waged against monopoly capital. They must put a halt to the Red-baiting which now poisons the labor movement. Big Business can be decisively defeated only if the broad mass coalition movement is infused with an understanding of Marxist-Leninist principles of analysis, strategy, and tactics. The building of a mass Communist Party is a vital political need of the working class and the democratic American people.

Fourth, the American democratic masses, led by the workers, should direct their blows against the three most deadly evils to which modern monopoly capital gives rise. That is, they should systematically protect the living standards of the workers against the developing economic crisis; they should resolutely defend their civil rights against the sprouting of incipient fascism; and they should militantly fight imperialism and the war danger by counterposing their program of international economic, financial, and political collaboration especially between the U.S.A., the U.S.S.R., and the new

European democracies, within the scope of the United Nations.

Fifth, the workers and their allies should fight not only for partial demands, but also against the capitalist system itself. Roosevelt's "New Economic Bill of Rights" and Wallace's *Sixty Million Jobs* offer, in the main, a program of important immediate economic demands; but the fight must also be pushed much farther than these Keynesian, or Roosevelt, reforms. The workers will begin to fight for such measures as nationalization of the banks and key industries, the establishment of a new and higher forms of democracy, production for use instead of for profit, and the establishment of Socialism.

The grave alternative now standing before the American working class, and indeed the American people, and it is an alternative, moreover, of profound significance to the whole world, is whether our people,

falling victims to the blandishments of glib-tongued American "exceptionalists," will allow themselves and the world to be led or driven by Wall Street big capital into fresh disasters of economic collapse, fascism and war; or whether, rejecting the false counsel of the "exceptionalists," they will immediately adopt the necessary measures to curb and finally to break the power of monopoly capital, and thus do their part in establishing a world of peace, freedom, and economic well-being. To the latter end, the leaders of the labor unions and the progressive movement in this country could do nothing better, in order to secure a reliable guide to their policy in these difficult days, than to study carefully the scientific principles laid down by Marx and Engels a century ago in the famous *Communist Manifesto*.

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# INDONESIA: ASIAN NEW DEMOCRACY

By CHARLES BIDIEN

THE STRUGGLE for Indonesian independence is at a turning point. Either the Dutch war against the Indonesian Republic will be stopped by United Nations action, or the Dutch will continue their present imperialist offensive. This offensive will be along the following lines: 1) occupation of all deep-water ports and major cities; 2) capture of transportation, communications, irrigation, and industrial facilities; 3) military operations to divide the island of Java into three distinct units, and to effect the division of Sumatra into small areas.

The Netherlands government is rapidly consolidating its position in Republican territory. The fate of the Indonesian Republic has wide political ramifications for the entire colonial world, since Indonesia alone of all the prewar colonies to set up independent governments since the end of the war, has set a pace in political democracy and economic change comparable to the European new peoples' democracies. Furthermore, as a nation of 70 million people, 90 per cent of whom are Moslems, Indonesia exerts a progressive influence on the Mohammedan coun-

tries. Indonesia is of major significance to world trade, having in prewar years produced 90 per cent of the world's quinine, one-third of the world's rubber, one-fourth of its tin, as well as great amounts of sugar, copra, tapioca, spices, tea, coffee, tobacco and petroleum. Its need for industrialization and expanded commerce make Indonesia important to the United States and Great Britain.

All of these constructive potentialities are in danger of being lost at this time. The undeclared Dutch war, started on July 19, against the Indonesian Republic, focused world attention on Dutch policy for the first time since the Ukrainian request that the Security Council investigate the Indonesian crisis in February, 1946.

During the period from August 17, 1945, when the Indonesian Republic was set up, until the present, the Netherlands has vacillated between a policy of negotiating with the Indonesian Republic, and one of conducting outright warfare to destroy it. Discussions with the Indonesian Republic reflected mass pressure within the Netherlands; gradual withdrawal of British forces which had borne the initial military efforts against Indonesian independence; limited aid to Dutch imperialism from the United States acquired at great sacrifice of Dutch interests in the Indies; and the unparalleled unity and resistance of the Indonesians. However, the Dutch imperialists never abandoned their desire to crush the Republic and regain domi-

nance in Indonesian financial affairs.

The policy of "limited" war has been championed by Lieutenant-General S. H. Spoor, Commander of Dutch forces in Indonesia, with the support in the Netherlands of the Right Wing of the major party, the Labor Party (Social-Democrat); as well as the Catholic Party, the Anti-Revolutionary Party, and other imperialist-minded groups. In an appeal for additional American credits and war material on February 13, 1947, General Spoor outlined the plan of operations:

The policy I will follow is that of the late President Theodore Roosevelt: namely, soft words backed up with a big stick. . . . Our intention is to undertake a series of limited objectives. In this way we hope to eliminate resistance without stirring up trouble over a wide area.

Within the Netherlands, only the Communist Party is calling for an end to the imperialist war; the other parties are backing the Beel government in its grandiose plans of conquest. The following are the objectives of the Dutch imperialist war.

\* \* \*

1. *The Dutch imperialists aim to weaken the Republic in order to wrest major political and economic concessions in a "legal" manner.*

The Dutch have utilized the past six months of negotiations and relative quiet to mobilize a full fighting force of at least 100,000 trained men,

and adequate equipment purchased with the 1946 loans from the United States. They have stabilized their positions in the major cities that were captured by the British. They have extended and entrenched their perimeters. From October, 1946, when a truce was signed between the Republic and the Netherlands, Dutch forces, by agreement, took over many strategic oil areas, plantations, and other prewar Dutch properties. After the signing of the Linggadjati Settlement—by which the Dutch granted *de facto* recognition to the Republic in Java, Madocra, and Sumatra, and the Republic gave up its claim to the other islands until 1949—the Dutch set up puppet governments in East Indonesia (Bali, Celebes, and lesser islands) and Borneo.

Having limited the Republican areas, the Dutch now consider themselves strong enough to make demands upon the Indonesian Republic so as to weaken its internal structure. Most significant of these, and the one on which negotiations were deadlocked, was Dutch insistence on joint Dutch-Indonesian gendarmerie to "police" the Republic. The Republic, having made major concessions, refused this obvious attempt to dominate the functioning of its administration; supervise political, trade union, and cultural organization; gain access to the entire industrial and agricultural development of the Republic; and acquire legitimate power to create "incidents" and disturb peace and order as an excuse for Dutch military intervention. The

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refusal of the Netherlands to arbitrate this and other disputed points under the provisions of Linggadjati, and Dutch resistance to U. N. consideration of the issues, fully confirm the Republic's fears that the Dutch will negotiate only when they can impose all conditions upon a prostrate Republic.

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2. *The Dutch strive to command absolute control of all ports, thus assuring final decision on imports and exports, and all inter-insular, coastal, and ocean-going traffic.*

Before the war, the Netherlands had absolute control of inter-insular and coastal shipping through the government-owned fleet, K.P.M. This Dutch monopoly not only prevented the growth of Indonesian or other shipping, but was one of the Netherlands East Indies government's instruments to enforce its economic cartel system. It was virtually impossible to transport commodities even from island to island without the approval of the shipping monopoly. Thus, in cases of rebellion, an island or an area could be starved into submission by halting the shipping of exports and imports.

In the present Dutch war, this has been a major tactic in cutting the Republic off from the rest of the world. The Dutch economic blockade has been over 90 per cent effective. Thus the huge stockpiles of sugar, rubber, rice, quinine, and other commodities within Republic

can areas have been kept off the world market, and imports of textiles, machinery, shoes, rolling stock, and other items desperately needed by the Republic have been kept from reaching it. This war of economic attrition has not only cost the world millions in trade, but has retarded the reconstruction and development of Indonesia by many years beyond the blockade.

This use of the blockade received wide publicity in relation to the efforts of the American Isbrandtsen shipping line in March, 1947, to purchase exports from the Republic. The Dutch seized the ship, confiscated the cargo, and attempted to hold the master and crew for court-martial. Similar actions were taken against British and Chinese shipping. In each case the Dutch tried to buy off the shipping interests and make them deal with the Netherlands.

However, the rapid interest taken by Australian, American, and British business in the great market offered them by the Republic and in the tremendous stockpiles it could produce, threatened to place the Dutch in a weak bargaining position. Therefore, one of the first objectives in the current Dutch drive has been the deep-water port of Cheribon, in Republican lands since 1945. The fall of this port on July 25 called a halt to Republican trade with Singapore and India. This will have a particularly great impact on India, since the Republic had pledged half a million tons of rice to relieve Indian famine, in exchange for imports of

Indian textiles. Up to the fall of Cheribon, the Dutch had waged an unsuccessful war against this trade.

\* \* \*

*3. The Dutch imperialists want to establish political control through puppets in partitioned islands.*

The Indonesian nationalist movement grew rapidly after World War I. The Dutch made every effort to suppress the political parties and trade unions, and imprisoned or drove into exile their leaders. Efforts were also made to buy out leadership to act as a front for Dutch rule. This was practiced particularly in relation to the feudal remnants in the islands, where hereditary village chiefs, nobility, and co-administrators with the Dutch retained their positions and titles through government patronage. Japanese occupation perpetuated this hierarchy, with the former Dutch puppets serving in the same capacity for the Japanese.

Dutch propaganda regarding "Japanese influence" has never been leveled against these elements. The Dutch have made every effort to utilize them again. The leaders of East Indonesia and West Borneo, which are Dutch satellites in the Indonesian archipelago, are prewar Dutch agents. A notable example of this tactic to divide and destroy the Republic was the recent Soedanese "revolt" in West Java. Openly precipitated by the Dutch immediately after the signing of Linggadjati, this

"revolt" was the first major effort in military operations to destroy the Republic. The so-called leader of the Soedanese separatist movement was a notorious Dutch puppet before the war, a rabid racist who practiced atrocities on Dutch prisoners of war during Japanese occupation, and now a loyal adherent to Dutch rule "for at least 100 years" over Indonesia. The recent Dutch all-out attack on the Republic was supported by the head of the state of East Indonesia who declared the war was "police action" in "internal affairs."

While the Indonesian Republic has abolished the bulk of these Dutch-preserved offices, the Dutch have by no means given up their intention to place Indonesian puppets in office so as to mask the bloody military dictatorship which is characteristic of Dutch administration over Republican areas. The Dutch thus hope to beguile international opinion by presenting Indonesians mouthing Dutch policy, and to divide resentment and opposition within the governed areas. The Dutch captured Ratulangi, Republican Governor of Celebes, and six of his associates, and without trial have kept them imprisoned since then. These men were outstanding resistance fighters against the Japanese. Their crime today is their support of the Republic and their refusal to repudiate their positions of leadership. Perhaps the fact that Celebes, now within the Dutch puppet-state of East Indonesia, is rich in rubber, sugar,



and manganese has had some influence in this Dutch action.

\* \* \*

4. *The Dutch aim to regulate all industrial changes through domination of urban areas.*

The major cities in Indonesia are seaports (Batavia, Soerabaja), railroad and transportation centers (Medan), or close to the exploitation of major exports (Palembang, near the major Sumatra petroleum and tea centers). Thus, control of urban areas actually means control over production areas, transportation terminals and routes, shipping centers, and the industrial plants processing the raw material. These actually were the first line of attack and conquest by the Dutch.

While control of these areas cannot starve the Indonesians into submission (since rice production centered in the interior is the basis of the Indonesian diet), it can make the Republic incapable of offering the people more than a bare subsistence diet. The resulting shortages of clothing, curtailment of industrial productivity, and deterioration of transportation would lessen internal support, keep it at the lowest economic level, block its political and economic influence on Asia, and keep the riches of the islands out of the world market. No government, operating under such handicaps, could long withstand concerted military or political pressure to make major concessions.

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5. *The Dutch imperialists want to supervise and allocate agricultural production and the removal of natural resources.*

Exports from Indonesia before the war fell into two major categories: agricultural products and petroleum; manganese, and tin. The last three items were exploited by European and American firms exclusively; and in the case of tin from the island of Billiton, it was owned by the Dutch royal family outright. Other than spices, most agricultural export produce came from European-owned plantations. Rubber, tin, petroleum and sugar production were all regulated by international cartels. The Indonesians were primarily laborers. The wealth of the country flowed out in a steady stream. Dutch capital investment in Indonesia of one billion dollars yielded an annual profit of \$160,000,000.

The economic policy of the Republic would make drastic changes in the economic position of the Indonesians, since it is based on the principle that profit from the exploitation of the riches of Indonesia must be reflected in the national income. But the essential fact is that the Dutch imperialists, despite any agreement entered into between the Indonesian Republic and the Netherlands, have no intention of losing their stranglehold on Indonesia's economy. In their eyes, the only fashion in which the devastation of the Netherlands, its acute dollar-shortage, its steadily increasing indebtedness to the United States, can be overcome,

is to regain and strengthen Dutch control over Indonesian production and development.

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6. *The Dutch imperialists strive to halt growth of Indonesian bourgeoisie and economic expansion.*

The existence of the Indonesian Republic as an economic force presents a major threat to Dutch investment, not through limitation of the latter, but as a developing industrial center. In the prewar period, Indonesian capital was invested primarily in land. In Indonesian business, such as kapok and cigarette factories, Chinese competition proved keen; in other industries Europeans held virtual monopoly. But above all, the pauperization of the Indonesian masses was so extensive that for all practical purposes there was no Indonesian capital. A survey for the N.E.I. government, by Huender, of Indonesian income during the 1920's estimated the Indonesian's normal annual income at \$57 in produce and money, in cash only \$19. Such standards applied to over 80 per cent of the population. There did not emerge, therefore, an Indonesian bourgeoisie; the population was an almost inexhaustible cheap labor reservoir.

However, the Indonesian Republic immediately took steps to develop Indonesian enterprise and industry. Communications, transportation, and irrigation were nationalized. Those industries essential to the welfare of the people as a whole were placed

under government ownership, supervision, or control. To encourage the development of industry, the National State Bank now gives financial backing to enterprises if capital is not available. Plans to spread ownership among the people by the issuance of shares of stock at a small face value have been projected. Co-operatives are also being encouraged. Plans have been made to diversify agriculture; large European estates, which were usually centered on the most fertile areas, are being broken up to permit the Indonesian farmers to move off marginal lands, and to facilitate crop diversification by bringing more land under cultivation.

These rapid transformations in the Republic's economic life threaten Dutch, British, and American imperialist monopoly control over Indonesia. The growth of an Indonesian bourgeoisie, not like the development of that class during the rise of English capitalism, but within the framework of a planned economy such as Czechoslovakia or Poland, is part of an intensive economic program to raise the Indonesian standard of living and industrialize the country under five, ten, and fifteen year plans.

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7. *The Dutch objective is to weaken the influence of other capitalist nations in Indonesia, particularly Great Britain and the United States.*

During the first two decades of this century, British and American

investments in Indonesia grew rapidly. The Dutch, whose final conquest of Indonesia was completed only in 1908, tried to combat the severe depression that hit the Netherlands in 1900 by intensified super-exploitation of Indonesia.

By 1913, of 206 million guilders invested in East Sumatra, only about 109 million constituted Dutch capital. By 1929, foreign capital (other than Dutch) accounted for 40 per cent of the investment in crops, aside from sugar, throughout Indonesia. However, it was in petroleum, due to the lack of Dutch capital, that American and British interests grew most rapidly: Standard Oil of N. J., Standard Vacuum, Socony, and Royal Dutch Shell (British) were the leaders in the field. British American Tobacco, Lever Soap, and other concerns expanded in the 1930's at the expense of older and weaker Dutch interests.

With the crisis of 1929, the bottom fell out of this intensively exploited area. Exports declined by 50 per cent, but the *value* of exports fell 75 per cent. In 1928 the Netherlands East Indies government showed a profit of 54 million guilders in agricultural enterprises; by 1932, these enterprises showed a deficit of 9 million guilders. Through the Crisis Acts of the '30's, the Dutch tried to bolster up their position; they tried to stabilize world markets through participation in rubber, tea, sugar, tin and petroleum cartels; preferential tariffs were introduced. Nothing brought an upward trend. British and American

capital, particularly the latter, made concerted efforts to squeeze out Dutch interests by great purchases of rubber, tin, petroleum, and quinine as the Second World War drew near.

The jockeying for top position in Indonesian economy was halted by the Japanese invasion; but the post-war rivalry continues. But for the advent of the Indonesian Republic, which presents a threat to all imperialism, the Dutch would have fallen before the American financial drive. However, to enable the Dutch to continue in at least the position of watchdog and policeman in Indonesia, over 300 million dollars has been loaned by the U.S. to the Netherlands and Netherlands East Indies governments, and great amounts of American lend-lease and war surplus material, American-trained Dutch marines, and a major force of British Indian troops were put at the disposal of the Dutch imperialists. The positions taken by the British and American governments toward the Republic through their diplomatic statements, and their actions in the Security Council are designed to prevent the Indonesians from achieving full political and economic independence.

With the upsurge of democratic and independence movements in colonial and semi-colonial countries throughout the world, imperialism is losing ground every day. The United States, as the backbone and moving force of imperialism is taking the leading role in United Na-

tions discussions to preserve Dutch imperial rule of Indonesia, with American imperialism as the guiding force. Thus, the United States is leading the bloc to prevent United Nations consideration of the substance of the Indonesian question, namely, independence.

However, the imperialist rivalries for hegemony over Indonesian economic affairs continue. The deeper the Netherlands falls under American control through loans, the more desperate the Dutch efforts to force economic concessions from the Indonesians. Because the Dutch have spent two years in fruitless efforts to wear down Indonesian resistance, British and American business interests have been trying direct negotiations for contracts with the Indonesians. In its July attacks on the Republic, the Dutch hoped for a rapid conquest, approved by Great Britain and the United States, because prolonged hostilities would hamper the economic plans of all three imperialist governments. At the same time, by its token show of military power; the Dutch hoped to limit vigorous American and British economic expansion in Indonesia.

The Dutch have won their round so far because the United States carried the Security Council along over Soviet objections by having the Council instruct both Dutch and Indonesians to cease fighting without calling on both sides to withdraw to pre-attack positions or set up machinery to settle the over-all dispute. But

the Dutch will pay heavily to American imperialism for this maneuver. Furthermore, in view of the magnificent struggle of the Indonesian Republic, and the support it has won from Asiatic, Middle Eastern, and South American countries, as well as from the Soviet Union, the Dutch may before long discover they have won no more than a Pyrrhic victory.

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8. *The Dutch imperialists want to restrict the growth of Asian unity for industrialization, commerce, and cultural exchange.*

Since the end of the war, a tremendous independence movement has swept over Asia. A general Asian confidence has developed in its ability to throw off the yoke of European domination. The movements in various Asian countries have drawn active sympathy and support to each other. This has been particularly true with regard to the Indonesian Republic. Support has come from Viet Nam, the Malayan independence movement and anti-imperialist forces in Japan and the Philippines. Mass protests and demonstrations in India, by British acknowledgement, have led to unrest among Indian troops in Indonesia. Moreover, consistent efforts have been made to establish the closest economic and political relations between these two countries. Dutch opposition has not stopped this intercourse, but has instead strengthened

international support for the Republic. Singapore, the trading center of the Malay peninsula, has exerted great pressure against the Dutch economic blockade; Chinese importers and exporters, through the Chinese Chamber of Commerce, threatened to boycott Dutch goods throughout Asia. The entire Far Eastern world has assisted the Indonesian Republic because of its political and economic advancement and above all because its united resistance to colonial rule has created a major, immediate threat to imperialism.

This was clearly demonstrated at the Inter-Asian Conference called this year under the auspices of India. Although a non-governmental, non-partisan meeting, the Conference had the highest political significance as the first meeting of the Asian people—including Soviet delegations—to discuss the questions of ending imperialist domination, and substituting therefore cooperation of all Asian countries for the joint utilization of their resources to effect rapid industrialization and to raise the health, educational, social and cultural levels of the Asian people.

Reports of the Conference indicated that the speeches of the Indonesian delegates, particularly Soetan Sjahrir, then Premier, were given the most serious attention. Indonesians, forming the largest delegation, were elected to the Central Committee of the Asian Conference, and will continue to exert great influence in its affairs.

The moral and material aid rendered the Indonesian Republic by Asian peoples has not gone unnoticed by the imperialists. One of the important considerations for Great Britain and France in Security Council discussions of Indonesia has been the prospect of a fully independent Indonesia acting as a catalyst for the French and English colonies throughout Asia and Africa. Thus, despite the cost, despite the greatly strengthened position of the working class in England and France, despite imperialist antagonisms—the United States, England, the Netherlands, and France have operated as a U.N. bloc, with only minor differences to resolve, regarding the Indonesian Republic.

These, in short, represent major objectives of Dutch imperialism in its war on the Indonesian Republic. Let us now turn to the Indonesian people's forces themselves.

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An understanding of the present internal relation of social forces in Indonesia requires a brief background survey of the subjugation of the Indonesian people, and the development of their struggles for national liberation.

In discussing the history of the Indonesian people one might go back to the 7th Century Sumatran Kingdom of Sriwidjaja or the 13th century Empire of Madjapahit. These feudal governments, which ex-

tended Indonesian rule from Ceylon to Formosa, were the "Golden Age" of Indonesia's history, periods of the development of the arts, education, culture, and the skills of trading, navigation, and manufacture. During the decline and dissolution of the Empire of Madjapahit in the 15th and 16th centuries, Portuguese, Spanish, English, and Dutch traders began their search for the fabulous Indies, the Spice Islands. From 1602, when the first Dutch traders established a foothold in Indonesia, the islands became the scene of constant revolts, which were suppressed with bloody terror, and expansion of European imperialist control.

As has been noted, it was in the 20th century that the Dutch made the most concerted efforts to link up Indonesian economic life with the demands of the Western, industrialized nations, and the economic vicissitudes which resulted brought about the mass pauperization of the people. While the bulk of the Indonesians were peasants (with average holdings of  $2\frac{1}{2}$  acres), oppressive taxation and sub-standard incomes compelled most of them to seek at least occasional or seasonal work on European capitalist agricultural export enterprises like sugar and rubber.

Indonesia came under the political influences of the day. The Russo-Japanese War, and the First World War, began to show the vulnerability of European power and prestige. The Chinese Revolution under Dr. Sun Yat Sen opened new vistas of

a free Asia; the impact of the Socialist revolution in czarist Russia gave tremendous impetus to the colonial liberation movement.

Political parties and trade unions—all with a nationalist approach—grew rapidly. The railway, pawnshop, and tram workers struck in 1921, 1923, and 1925. A small organization of Moslem merchants, formed in 1912 to combat the Chinese bourgeois group, became a mass political instrument of two million members by the 1920's. The Netherlands East Indies Government Penal Code was revised to make punishable by fine and imprisonment "indirect" criticism of the Government. Oppression became so great that in 1926-27 revolts broke out in Java and Sumatra, which were vigorously suppressed by the Dutch. Political movements and parties were abolished, trade unions broken up; over 1,300 Indonesians were exiled or thrown into the Dutch concentration camp of Boven Digoel in New Guinea. The Communist Party, which led the revolts, was illegal from 1927 on (and until the autumn of 1945 after the establishment of the Republic). The present leaders of the Republic, Soekarno (Nationalist), Hatta (Moslem), Sjahrir and Sjahrifoeddin (Socialist) were all imprisoned by the Dutch for political and trade union activity.

Despite all Dutch efforts, the nationalist movement continued to grow, constantly changing its organizational names and form, but acting consistently in its efforts to

bring democracy and independence to Indonesia. Just before the start of the Japanese War, the Indonesians petitioned the Netherlands Government for adequate representation in the Indies Government and military training to enable them to withstand expected Japanese aggression. The request was denied as not being "practical."

The brief limited defense of Indonesia by the Dutch was followed by 3½ years of Japanese occupation and exploitation. In order to achieve maximum rice production for Japanese consumption, many of the plantations set aside for European export crops were broken up into individual holdings; because of the shortage of rolling stock and shipping, areas were made economically self-sufficient. All these changes, made for military expediency and under conditions of virtual slavery and starvation of the Indonesian people, nevertheless gave the people the opportunity to acquire skills that they were later able to utilize in building the Republic. The Indonesians did not passively accept Japanese rule any more than they had Dutch control. A disciplined resistance movement, under Communist and Socialist leadership, organized sabotage against Japanese communications and transportation, and five major revolts in Java, Sumatra, and Borneo.

Dutch propaganda that the Indonesian Republic is Japanese-inspired, has as much logic or truth as the assertion that the new postwar peo-

ples' democracies are German-inspired.

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At the time of Japan's unconditional surrender, the Indonesians had the strength, the issues and the lack of effective opposition enabling them to seize power. Under the leadership of President Soekarno, a Constitution was drawn up for a democratic Republic which provides for freedom of speech, press, religion, assembly, and organization; and the right to work and to strike. Starting on a narrow Nationalist-Moslem base, the Republic has been broadened. Today, the government is a coalition of the Nationalist, Moslem, Socialist, Labor, Peasant and Communist Parties. In the Central Working Committee (Parliament), the Left Wing (Sajap Kiri) consisting of the Labor, Socialist, Communist, Peasant, and People's Parties, commands a voting block of two-thirds and represents the advanced political and economic position of the people. The representation accorded Chinese and other national minorities, areas not yet under Republican authority, the Christian Party and the Catholic Party, as well as to the women and youth movements, testifies to the inclusive national character of the Republic.

The Labor Party is structurally similar to the British Labor Party, although radically different in political character. Based on the All-Indonesian Federation of Trade Unions (S.O.B.S.I.), the national or-

gan of craft and industrial unions, the Labor Party reflects the militancy and class-consciousness of the workers. Labor-management committees have been set up to insure maximum production: during the early crisis days of the Republic, the unions pledged to work without pay, if necessary, to sustain the Republic. Furthermore, S.O.B.S.I. is affiliated with the World Federation of Trade Unions. The recent appeal by S.O.B.S.I. for international working-class solidarity with the Indonesians to prevent Dutch aggression shows the high level of responsibility and vanguard position taken by Indonesian labor.

Action has already been taken by the Australian Waterfront Federation in renewing its boycott of all shipping for use by the Dutch in Indonesia. The Executive Board of the National Maritime Union in the United States has called on its members to vote affirmatively that the entire membership "boycott all vessels designed to aid the Dutch in their war of aggression." There are sporadic strikes of Dutch dockers that are hindering Dutch shipping to a considerable extent. A rank-and-file motion passed at the recent British Labour Party convention called for a halt to training of Dutch troops in Great Britain. Both India and Pakistan have condemned the Dutch colonial war, and have revoked, for the time being, Dutch rights to land any aircraft on their soil.

The Socialist Party of Indonesia,

basing its political position on Mao Tse-tung's writings, has worked in harmony with the Indonesian Communist Party for the past two years. This is an Asian example of the new Socialist-Communist coalitions that have developed in Eastern Europe, and contrasts sharply with the Netherlands, where the Socialist Party supports imperialist war against Indonesia.

The economic policies of the Republic, projected by A. K. Gani (Chairman of the Nationalist Party), Minister of Economics and Deputy Premier, are perhaps the most comprehensive in all Asia. Projecting public, private, and mixed property and funds for the industrialization of the country, Indonesian, foreign and mixed capital to increase Indonesian production, the Five-, Ten-, and Fifteen-year plans will change Indonesia from a backward, poverty-stricken, agricultural and raw-material exporter, into a technologically advanced state.

Any consideration of the basic changes in Indonesia has little value without a keen awareness of the imminent danger of their destruction. China and India, because of great populations, huge land-mass, and strategic locations, continue as the major countries of the Far East. But Indonesia at this moment is the focal point of attention in the Far East and the United Nations because of its decisive significance to the entire colonial and imperialist world. Unlike the Philippines or Viet Nam, where the independence forces



have not yet achieved sufficient unity and a wide enough mass base, or China, where the struggle is being resolved internally, or yet India, where the imperialists succeeded in affecting a three-way split among the Hindu, Moslem and Princely interests—the Indonesian Republic has forged the support of all sections of its people in consistent revolutionary struggle against imperialism. Indonesia is the only colonial country that has proved capable of forcing consideration of colonial independence at the highest international level, the Security Council.

At this juncture, the demands of the Republic are clear: international supervision of the cease-fire order of the Security Council, withdrawal of Dutch troops from Indonesia, international settlement of the Dutch-Indonesian crisis, full diplomatic recognition internationally, and membership in the United Nations.

Support of these completely just conditions must be developed in the United States. The recent Republican proposal that the U.S. use its offer of "good offices" to settle the Indonesian question by urging United Nations action clearly indicates that American prestige in Asia has reached a low point because of the actions of American imperialism in giving full support to the Dutch. Sharply fixing responsibility for the Indonesian situation on the imperialist powers, the note of the Indonesian Republic to the United States (August 7, 1947) stated:

The Republic feels sure that the Governments of the United States, Great Britain and the Netherlands will all agree, in view of the fact that two years of negotiation and mediation failed to prevent the outbreak of large-scale hostilities, that in arbitration by a United Nations commission lies the only and final hope of settling the dispute by peaceful means.

The American people bear the major responsibility for the establishment of such a commission and lasting peace in Indonesia. In addition to demanding that such a fully representative international commission be established to arbitrate the issues in Indonesia, the American people must demand that there be no bypassing of the U.N. by the United States. They must demand that the U.S. recognize the sovereignty of the Indonesian Republic. They must insist that no American supplies be sent to the Dutch for war on Indonesia; and a boycott should be declared here on Dutch goods, and an embargo on Dutch and other shipping of materials for the Dutch imperialist war. The action of the Executive Board of the N.M.U. deserves the applause of all labor, all anti-imperialists. It calls for support by all unions.

Imperialist forces in the United States have brought war to the Indonesian people in the past two years; it rests with the American people to change United States policy to one of friendship with the Indonesian Republic.

# LABOR FIGHTS BACK

By WILLIAM ALBERTSON

AUGUST 22, 1947 marked the day on which the Taft-Hartley Act became effective. Many important sections of the American labor movement did not wait till then to organize the struggle against the effects of the law. The struggle started on Black Monday, the day the bill was enacted over President Truman's veto. And the fight is not merely against certain provisions of the Act, although some of these are being chosen for specific violation to test the constitutionality of the law. The struggle is being conducted against the Act as a whole.

Such a struggle was made possible by the battle organized by the trade unions against the enactment of the bill, for the veto, and for the sustaining of the veto. Hundreds of thousands of union members were mobilized to organize pressure on their Senators and Representatives through letters, delegations, the vetocade, united and parallel marches on state capitols against anti-labor legislation, demonstrations, work stoppages, mass meetings, and other forms of action. Not only was the membership of the C.I.O. mobilized, although much more could have

been done, but, in the fight against the bill, A. F. of L. members carried through the highest degree of political action on their part in many a year. All of this made it possible for labor to pass quickly from the fight against the bill to the fight against the law.

The overriding of the veto, therefore, did not accomplish one of the major aims of Big Business. Monopoly had hoped to create a feeling of hopelessness and panic in the ranks of the workers upon the enactment of the bill, thereby creating greater division among them, and permitting the employers to drive further wedges into their ranks. Instead, the nature of the struggle up to then, its united as well as parallel character in numerous localities, and the determination of the rank and file to continue the struggle, made it possible for the trade union organizations to withstand any immediate effect of the enactment of the bill, and to pass over almost immediately to the struggle against the law.

The fact that the bill became law, shows that the fight against it had many weaknesses. Outstanding was the lack of over-all united labor action between the C.I.O. and A. F. L., and the R.R. Brotherhoods, and the failure to organize a national protest stoppage. Such steps would have defeated the bill. A continuation by the A. F. of L. of its policy of opposition to united labor action in the fight to defeat the effects of the Act

and to have it repealed, will be the biggest stumbling block in the fight for victory.

The day the Taft-Hartley law was placed on the statute books, the coal miners made their anger against the law clear by refusing to go to work. More than half the nation's coal-diggers stopped work, thus demonstrating their determination to fight this vicious legislation, as well as to fight for a new agreement with the coal barons. At the same time, most of America's shipyard workers struck for increased pay and other improved conditions. They did this in the face of the shipowners' set intention—despite the super-profits they had made and were still making—to utilize the Taft-Hartley Act to maintain, as a maximum, the status quo in wages and conditions.

The executive boards of the C.I.O. steel, auto, and electrical workers unions, and of a number of smaller C.I.O. unions, immediately made up their minds to fight the law and wipe it off the statute books. Most of the C.I.O. unions are following the lead of the C.I.O. Executive Board and the Big Three of the C.I.O. in deciding to boycott the new National Labor Relations Board, which has now been turned into a direct instrument of the employers against the unions. In negotiating new agreements with their employers, these unions have decided to exclude no-strike clauses from their contracts so that they will not be open to damage suits, since it is obvious that

employers, during the life of an agreement, will attempt to provoke work stoppages or strikes through stool-pigeons and other agents in their pay. In this connection, victories were won by the Ford workers in their recent negotiations and by the U.E.R.W.A. in its new pact with RCA. Unions have also indicated their intention to refuse to sign affidavits as to whether or not they have Communists in leading posts, and also to refuse to file financial reports and other data required by the law. Recent meetings of A. F. of L. organizations such as the Typographical Union have taken certain similar steps to protect their organizations from the devastating effects of this law.

As a result of the decisions made by the various sections of labor, including R.R. Brotherhood unions, their line of struggle against the Taft-Hartley Law can be summed up as follows:

1. To carry through a nation-wide campaign for repeal of the law.
2. To campaign for the defeat in the 1948 elections of every Senator and Representative who voted to override the veto.
3. To test the constitutionality of the law by public violation of certain of its sections. For example, numerous unions, A. F. of L. as well as C.I.O., have decided to make financial contributions to candidates running for public office; to call upon the membership, through union papers, periodicals, and newspaper ad-

vertisements, to support certain candidates; to campaign actively as a union for the defeat or election of certain candidates during the election campaign; to print in union papers the list of Senators and Representatives who voted to override the veto and call for their defeat; etc.

The first such test was made on July 15, in the by-election in Baltimore, where both A. F. of L. and C.I.O. supported Edward A. Garmatz, a member of the A. F. of L. International Brotherhood of Electrical Workers, in his campaign for Congress, and helped to elect him on a platform of repeal of the Taft-Hartley Act. A similar test is in the making in the campaign to elect Phil Storch of the Allentown Newspaper Guild to fill a vacancy in Congress.

4. To make the Taft-Hartley Act inoperative by boycotting the National Labor Relations Board. Not only has the N.L.R.B. now been turned into an instrument in the hands of the employers against the unions, but, to all intents and purposes, the Wagner Labor Relations Act has also been turned into its opposite.

This means that unions will refrain from bringing charges of unfair labor practices before the Board, and will not invoke the powers of the Board to conduct elections to determine the collective bargaining agent. It also means that the unions will boycott the Board when the em-

ployer applies for an election, or places charges of unfair labor practices against the union.

Although Labor Board certification never replaced the need for struggle to win better conditions for the workers, it did in the past aid in the struggle for union recognition. Now, however, employers can obtain Labor Board elections when they want them, and when it will be against the interests of the workers to participate in them. They can, in the process of negotiation for a new agreement, stop such negotiations under many guises, such as requesting the Board to intervene to determine whether any officer of the union or the negotiating committee is a Communist or is "affiliated" with the Communist Party. The thought-control pattern now being established by the Truman Administration, the House Un-American Committee, and the F.B.I. will be the determining factor in such decisions or rulings. And with a backlog of unheard and undetermined cases stretching into a period of three to five years, if not longer, unions will wind up behind the proverbial "eight ball." Under such conditions, "certification" will have to be obtained from the employer directly, through the use of labor's organized strength.

Therefore, the decisions made by labor to by-pass the new N.L.R.B. mean both that it will not invoke the powers of the Board, and that it will by-pass the Board when the em-

employers themselves attempt to use it against the unions. This is what labor leaders mean when they speak of making the Taft-Hartley Law inoperative. This is what is meant when labor speaks of not permitting this employer-act to be used to bring about what it was designed to achieve: to make of the trade unions an ineffective instrument in the hands of the workers for winning higher wages and improved working conditions.

#### AGAINST ACCOMMODATION!

To defeat this major aim of Big Business, to defend and maintain the gains already made by the workers through their trade unions, to win higher standards in wages and working conditions, and to continue its role in the political life of the nation, labor will now be forced to use its full economic and political strength in direct struggle against the employers.

The Wagner Labor Relations Act, and the N.L.R.B. it created, did succeed in reducing the number of strikes during their lifetime, since the Wagner Act did grant the right to organize to bargain collectively and since it was able to act against many of the unfair labor practices of the employers. Now, with the Taft-Hartley Law and the new N.L.R.B., these rights have been indirectly—and in some cases directly—wiped out. The Norris-LaGuardia Anti-injunction Act has become inopera-

tive. Many anti-labor bills have been placed on the statute books of a number of states (these can supersede the federal law). With the way now open for employers to organize company unions and then call for N.L.R.B. elections, labor is recognizing that its only recourse today—as prior to the New Deal period—is to reject in toto any concept of accommodation to any section of the law, to utilize its organized strength to the maximum during negotiations, and to use the strike weapon when necessary.

But the coming period will be different from the pre-New Deal days. The trade unions today are not composed of just a few million members. Today, fifteen million organized workers, through a concerted drive to organize the unorganized, and through full utilization of their united economic and political strength, can defeat injunctions in strikes to a greater extent than in past years, and can force many of the biggest employers to toe the mark.

The effects of the Taft-Hartley Act will be nullified and the law itself repealed only by the highest degree of labor unity, expressing itself in the form of united action of the entire labor movement. This united labor action, and the organic unity that will result from it, must be based on a program of struggle against the law, and not accommodation to it.

However, not all labor is united

even on an understanding of the necessity for a militant fight against the law. Some union leaders are attempting to accommodate themselves to the law but they will accommodate themselves into oblivion. The first appeal of President Buckmaster of the United Rubber Workers Union to his members to accommodate themselves to the law, is a sell-out of the interests of organized labor. Samuel Wolchok, President of the United Retail, Wholesale, and Department Store Employees, has proposed "conditional boycott" of the Board. John Green, Social-Democratic President of the marine and shipbuilding workers union, called upon President Truman to utilize the provisions of the Taft-Hartley Act to settle the shipbuilding strike (as if that were possible). Another shipyard union "spokesman" was forced to retract that statement, but some damage had already been done. David Dubinsky of the I.L.G.W.U. has once again broken the united position of labor on this question. During the Congressional hearings on the bill, he stated that the Wagner Labor Relations Act should be amended to give the employers "free speech." Now that the bill has become law, and labor had begun to feel its effects even before August 22, he states that his union will file affidavits and will sign agreements that will include the "no-strike" clause. The officers of the A. F. of L. office workers union were the first to rush to the N.L.R.B. and file all re-

quested data concerning their organization. All these acts are knives stuck in labor's back.

The Red-baiting in some top C.I.O. circles and in the A. F. of L. only tends further to confuse and divide the membership in the unions. To decide on the one hand not to file affidavits under Section 9H of the law dealing with the question of "Communism," and on the other hand to continue Red-baiting, only confuses the membership, plays into the hands of the employers, accomplishes by other means what the N.A.M. hoped to accomplish through the law, and divides the workers among themselves, thus making unity in the struggle much more difficult.

The effect of these defections from the united struggle to defeat the law and to have it repealed, can be wiped out in the process of the struggle itself. Workers, as shown by the coal miners and others, will not accommodate themselves to the desire of Big Business that they go back to a slave status. They will recognize these acts of "accommodation," as well as the Red-baiting, as attacks on their unity that strengthen only the employers. And to the extent that Communist and non-Communist trade union leaders fight this Red-baiting as an employer instrument, as a divisive instrument, to that extent will the Red-baiters find their employer-instigated cries fall on deaf ears. Nothing and no one, not even the slave labor law and its conscious

and unconscious aids inside the labor movement, can take away the right of the workers to elect anyone they choose, whether they be Communists or not, to positions of union leadership.

The Communist Party has proved by its policies and actions that its only interests are the advancement of the needs and desires of the workers, and the defense of those interests against the attacks of Big Business. It is no accident, therefore, that members of trade unions who are Communists, are always among the front-line fighters for victory for the workers and their unions in the struggle to improve labor's economic and political conditions. Progressive trade unionists are learning that the Communist Party is part and parcel of the American labor and progressive movement, that the policies of that Party are in the interests of the workers and the people generally. And to the extent that trade unionists who agree with these policies speak out for them and defend them in common discussion and debate with all trade union members, to that extent will the Red-baiters take "second money."

Now that the Taft-Hartley Bill has become law, such united labor action as was witnessed in the fight against its enactment must be increased a hundred-fold. Single unions, acting by themselves, will not find it easy to defend the interests of their membership. To be successful, they will have to unite in defense of

one another on a local community scale as well as nationally.

United labor committees, in cities and towns, composed of A. F. of L., C.I.O., and Railroad unions, can come to the defense and support of each local union when it strikes to improve its wage and other standards. Jointly, these unions can campaign for the defeat of their local Representatives and Senators who voted to override the veto. Jointly, they can organize the fight against rent and price increases, for adequate housing, against Jim Crow and segregation, etc. Jointly, they can determine what candidates to nominate and support for public office in regular party primaries or as independents. Such joint action committees can become an important labor factor in the establishment of a people's third party, in which labor must play a decisive role.

#### UNITED ACTION AND ORGANIC UNITY

Recently the C.I.O., through its President, Philip Murray, once again, in a letter sent to the newspaper *PM*, called upon the A. F. of L. and R.R. Brotherhoods for joint action and organic unity. His four-point program, if agreed to by the A. F. of L., would place labor in a position to defeat the effects of the Taft-Hartley Law, as well as to bring about organic unity in the labor movement. These four points are:

1. Any new organizational structure

shall give full and complete recognition to the principle of industrial unity.

2. The autonomous rights of the existing international unions shall be fully respected within a framework of the principles of the new national organization.
3. The new organization shall provide for the creation of effective labor political action machinery for advancing the legislative objectives of organized labor, between elections and at election time. We regard the exercise of the rights of citizenship as a cornerstone of democratic trade unionism.
4. Parallel with these efforts we propose further that committees of A. F. of L. and C.I.O. unions operating in the same field should also meet to explore the possibility of joint action in carrying out this program in their respective fields.

This program for organic unity, plus the need of immediate joint action to repeal the Taft-Hartley Law, to defeat Senators and Representatives who voted for the law, for joint defense of unions in struggle, for guarantees against jurisdictional raiding, etc., will go a long way to bring about one united labor federation in this country based on a program in the interests of the labor movement and the common people among the non-labor sections of the population.

However, the A. F. of L. Executive Council, through William Green, has again stated that united

labor action is impossible without the prior achievement of organic unity. In the face of the vital need now for united labor action, one must come to the conclusion that the A. F. of L. leadership's slogan of "organic unity or nothing" is a smokescreen to conceal opposition, not only to united labor action, but to organic unity itself.

But this does not mean that there will be no united labor action. Not only will A. F. of L. members and secondary leaders continue to respond to the organization of additional joint action committees between corresponding unions locally and nationally, and between councils on a city and state level, but they will also make their voices heard in greater numbers for a change in the policy of their Executive Council.

#### THE COAL MINERS

The success of the coal miners in wresting their recent contract from the coal operators, right in the teeth of the Taft-Hartley Law, is an extremely important development. This new agreement between the coal operators and the United Mine Workers of America was an outstanding victory, not only for the miners, but for the whole labor movement. The wage increases gained, the reduction of the work-day to eight hours, the increased employer contribution to the health and welfare fund, the new safety provision in the contract, the "willing and able to work" clause, and a number of



other important features of this new agreement, gave the coal miners the greatest victory in their history.

But, although this agreement was achieved without a protracted strike, one cannot come to the conclusion that these conditions were handed to the miners on a silver platter. U.S. Steel, the Mellon interests, and other monopolies controlling coal production, do not grant improved conditions out of benevolence. This wage increase, the agreement as a whole, was won through struggle.

The miners showed in the struggle against the Taft-Hartley Bill that they were ready to fight, and fight long and hard, to get their hours reduced and to improve their wages. The two stoppages against the Taft-Hartley Bill showed that. The "safety strike" against the Centralia murders and for enforced safety provisions in all mines showed that. The last national strike, broken by President Truman's use of the injunction, showed that, and also showed that the miners could not be driven back to work by an injunction, that they would defy an injunction until the union called them back to work.

The coal monopolists knew that they would face a long drawn-out struggle—without any coal production—at a time when there was very little coal stockpiled, when the market for coal and steel was huge. These are basic reasons why they settled for the union's demands.

The monopolists also knew that

the U.M.W.A. is one of the strongest unions in the country, that the high point of struggle reached in the fight on the slave labor bill would bring a united labor movement into support of the miners. These coal barons and the other industrialists were not yet ready to take on, in head-on struggle, and with no guarantee of victory, not only the U.M.W.A., but the entire labor movement as well. Their tactics, rather, would be to take on one union at a time, starting with some of the smaller ones, and, if possible, only at a time when the sentiment for struggle on the part of the workers had died down. They feared to make the miners the test case. They did not want to chance the possibility of such a united labor struggle spilling over into sharp political battles. Although Representative Hartley called the agreement "illegal," Taft said it was all right as long as both parties agreed to its terms. They also hoped to create the illusion that the Act was really not anti-labor.

Furthermore, such a struggle now would have raised sharply before the public the need of government ownership of the mines, with guarantees under such ownership of the rights of labor and the people. Such a development would certainly not be in the interests of the coal operators.

One need only recall, in this connection, Secretary of State Marshall's report to the nation upon his return from the recent Moscow Conference

to understand the role played by coal production and consumption in those negotiations. His report immediately makes clear why monopoly interests felt that coal production should not be tied up now for any substantial length of time, because of the adverse effect a coal strike would have on the carrying through in Europe of the Truman Doctrine and its sugar-coated version, the Marshall Plan.

However, the coal barons and the steel trust will not permit these wage increases to be taken out of their already super-swollen profits. Already they are forcing the public to foot the bill, thereby leaving their profits intact. Coal prices have been increased, and in many instances by more than one dollar a ton, while steel prices have gone up five dollars and more a ton. This means increased costs, not only on coal and steel, but also on manufactured products for European and other foreign countries. It also means a new round of price increases all down the line on most manufactured goods for home consumption.

This will not be accepted as necessary by the American people. It brings clearly to the attention of all that price increases are one important means of maintaining and increasing the profits of the trusts. All labor and the people generally, including the coal miners themselves, will now have to organize and conduct a united struggle against all price increases. This must be done

in order to maintain the gains won by the miners, and by the workers in other industries some months ago; as well as to maintain and improve the living standards of the other sections of labor and the people.

The miners can very well expect the operators also to try to maintain their profits by increased mechanization of the mines. Increased productivity (speed-up) is already taking place. In this connection, the mine committees will have to be constantly on the alert to defend the working conditions in the mines themselves, *i.e.*, against speed-up, for the highest degree of mine safety possible, etc.

#### LESSONS

The coal miners learned a very important lesson in their recent struggles, as did the rest of the labor movement. They saw the Democratic Party, through President Truman, break the railroad strike last year, attempt to smash the projected marine workers strike in 1946, and break the coal strike by injunction. They saw the Republican Party attempt to place the yoke of the Taft-Hartley Act around their necks. They recognize the fact that almost half the Democratic Senators and much more than half the Democratic Representatives voted to override the veto. They grasped the meaning of Truman's refusal to whip the reactionary Democrats in Congress into line on the Taft-Hartley Bill, and they understood Truman's weak message

for what it is—a demagogic maneuver to ensure a “safe” labor vote in 1948. They witnessed the dropping of the Roosevelt doctrine that they supported almost unanimously, and its replacement by the Truman Doctrine. And they see no action by a Republican Congress and a Democratic Administration to stop the price increases that are now causing them indirect wage cuts.

The desire of the coal miners and the rest of labor for a pro-Roosevelt administration and program in 1948 is high. And it is becoming more and more clear to them that such an objective can be accomplished through the organization of a new

people's party. For such a party can be one of the most important instruments to force the Democratic Party to nominate such a pro-Roosevelt ticket, as well as an instrument through which labor can function independently politically.

Increasingly, the coal miners and the rest of labor will rally to the banner of those who, like Henry Wallace, carry forward the fight for the Roosevelt foreign and domestic program. And they will support the organization of a third party to the extent that progressive labor leaders and other progressives make the issues clear and rally them for victory in 1948.

# THE STRUGGLE AGAINST THE APPROACHING ECONOMIC CRISIS

By ALEXANDER BITTELMAN

## I. IS THE CRISIS COMING?

EVERYTHING THAT HAS happened in the last two years confirms our Party's analysis of September, 1946, and of April, 1947,\* that an economic crisis is maturing in the United States, and that it may break in 1948.

However, it is in the interests of the American people and its working class that everything possible be done to delay and postpone the outbreak of the crisis; to take all necessary measures to weaken the impact of the crisis upon the masses when it comes and to mitigate its severity; to make sure that the monopolies do not succeed in shifting the main burdens of the crisis to the shoulders of the people.

But is the crisis really coming? Of this there can be no doubt, even though its approach manifests certain new and special characteristics, of which we spoke in our April, 1947, analysis. To confirm anew this contention, we may take President Truman's Midyear Economic Report to Congress, first, because it is very rich in factual information bearing on the maturing crisis; and, secondly,

because it actually proves the approach of the crisis while trying to deny its inevitability.

This report of the President is a peculiar document. It starts out on a note of high complacency, almost triumph, with the economic strength, resources and power of capitalism in the United States. It makes the most of the fact that total production is now running at the annual rate of 225 billion dollars and that June employment stood at 60 million. The President, of course, does not say that, measured in pre-war dollars, the value of present-day total production is from 30 to 40 per cent less than the nominal figure, and that the significance of the 60 million employment figure must be seen in connection with the fact that some seven million people have been added to the labor force since 1939. But, even so, the nominal figures are impressive, and the President makes them sing praises to the so-called free enterprise system.

Then something begins to happen to change the picture. The Report tells us that this high level of production and employment is being sustained by "temporary props," such as, the reconversion demands of in-

\* For this analysis see the articles by the author, based on reports to the National Board, C.P.U.S.A., in *Political Affairs* for November, 1946, and May, 1947.—Editors.

dustry, the backlog demands of consumers, "the extensive use of savings and credits," and "an extraordinary excess of exports over imports." The report goes on to prove that these temporary props are weakening and "As they weaken, we shall need to make many basic readjustments to complete the transition to a permanently stable and maximum-level peacetime economy" (Foreword and Summary, page 1).

No wonder that a writer in *The Wall Street Journal* (July 24) calls the Report "Confusion Among the Prophets," and "A Fine Example of Bureaucratic Hedging Which Will More Bewilder Than Enlighten."

Now, what is really disclosed by a detailed examination of the facts and figures in the President's Report?

Industrial production is definitely levelling off with a trend downward. The index (1935-1939 equals 100), for the first six months of the year shows these variations: 189, 189, 190, 186, 185, 183. According to the June *Letter* of the National City Bank, the opinion is now fairly general that "the peak of the postwar boom has been seen."

We have already pointed to the significance of the fact that the crisis is maturing very unevenly as between various industries. This unevenness is becoming more accentuated. Elements of crisis are now maturing in certain consumer industries and services (textile, clothing, leather, radio and electrical, trade and commerce).

A levelling off is pronounced in the production of producers' goods. Least pronounced as yet are the signs of maturing crisis in some of the industries producing consumers' durable goods. A crisis situation is definitely developing in the construction of housing.

This unevenness in the maturing of the crisis, which may delay its outbreak but is bound to make its course more devastating, arises primarily from the special nature of the present economic cycle. The cycle is unfolding in the transition from a war to a peace economy and in the conditions of a deepening and most complicated course of the general crisis of the world system of capitalism.

Consider again the main factors sustaining the postwar boom in the United States. The President's Report lists as the first of these factors the reconversion demands of business. These demands arose from the technical and technological needs of transition from a war to a peace economy. Hence, the extra large rate of capital investments. But the reconversion needs are coming to an end. Capital investments are becoming normal again. This means a rapidly falling rate of investment in new plants, machinery, tools, and equipment, not because there is no need for further renovation and expansion from the standpoint of the people's interests, but because the monopolies do not need them for increasing profits.

The annual rate of gross domestic business investments, from October to December, 1946, was 30.4 billion dollars; from January to June, 1947, it fell to 29.5 billion. According to the latest bulletin of the Securities and Exchange Commission, new money issues in April were lower than in March and "issues to purchase new plant and equipment totalled \$101,000,000, the lowest monthly figure since last September" (*World-Telegram*, July 23, 1947). We should also note here that the annual rate of growth of the gross national product between 1946 and 1947 was 8.6 per cent, whereas the annual rate of increase between 1933 and 1937 was 12.8 per cent.

The second factor is the backlog of deferred consumer demands. In the field of non-durable consumer goods and services, these accumulated demands have been met. Conditions are becoming normal again, and elements of crisis in this field are growing. It is only in the field of durable consumer goods (housing, automobiles, refrigerators, washing machines, etc.) that the accumulated demand is not being met, and the situation is still one of under-production—most acute in housing—rather than of the beginnings of over-production. This failure of the construction industry to meet even remotely the acute need for housing is beginning to bring forth in that industry symptoms of a crisis of underproduction, while the shortage of steel may also begin

to affect in a similar sense the production of automobiles.

The third factor listed in the President's Report as sustaining the post-war boom is "the extensive use of savings and credit." But what is happening to these savings and credits? Old savings are being rapidly exhausted, the rate of new savings is dropping very sharply (from 35 billion dollars in 1944 to an annual rate of 11 billion in 1947), and outstanding consumers' indebtedness has grown from five billion in 1943 to nearly 11 billion in 1947. And the trend is to a more rapid growth. The abolition by Congress of the wartime restrictions upon consumer credit, will tend to create an artificial increase in mass purchasing power for a while but will accelerate the deepening of the crisis when it begins to break.

The fourth factor is, in the words of the Report, "an extraordinary excess of exports over imports." Exports of goods and services in the first six months of 1947 ran at an annual rate of 20.7 billion dollars, as compared with 15.3 billion in the last quarter of 1946. The excess of exports over imports ran at an annual rate of 12.7 billion dollars. This balance, says the Report, "constituted about three-fourths of the increase in the annual rate of the total gross national product from the last quarter of 1946 to the first half of 1947" (page 23).

Commenting on the fact that from 10 to 15 per cent of the goods pro-

duced in this country is now going abroad, the June *Letter* of the National City Bank makes this significant observation: "As the domestic situation changes, they [the exports] grow in importance as a stabilizing influence."

These four factors, which sustain the postwar boom, the President's Report considers as "temporary props," which they are. The foregoing facts and figures demonstrate the weakening of these factors, the disappearance of some and, eventually, of all of them. Hence, we can see already the end of the postwar boom and the further and more rapid maturing of the elements of the economic crisis, even though the unevenness may become further accentuated.

It is within this framework that we must view the course of employment and unemployment. 60 million employed in civilian jobs is an impressive figure, but there are still no less than 4 million unemployed, and perhaps six million. Besides, the rise of total employment in May by one and one-half million is almost wholly seasonal, and slow declines in employment are continuing in the textile, shoe, rubber, radio, and non-ferrous industries. Above all, we must see the temporary nature of the factors that have produced the postwar boom, and the basic nature of the causes that are producing the coming economic crisis.

There are two more factors to consider. One is the role played by the

increasing production of armaments in the course of the maturing of the crisis. Has this growing armament production already gone so far as actually to begin to slow down the rate of the maturing crisis in some of the heavy industries? Complaints are already being heard that the shortage of sheet steel, felt keenly by the auto and housing and other consumer durable goods industries, arises from the diversion of steel to growing armament production. We may possibly be seeing here the beginnings of the switching of a number of heavy industries to a large measure of war production, with continuing boom, while the resulting steel and other shortages may create and aggravate situations of crisis of under-production in a number of consumer goods industries.

The other factor is the continuing decline in the purchasing power of the masses. Wage increases are not catching up with price increases. Large numbers of workers, whose wages have not risen at all, as well as government employees, certain groups of white-collar workers, and poor people of so-called fixed incomes, are undergoing a very sharp reduction of their living standards, while others are being pushed down to lower, substandard levels. On the whole, therefore, the tendency to lower the living standards of the masses of the American people is continuing and is becoming more pronounced. At the same time, according to the President's Report,

"total corporate profits, both before and after taxes, increased in the first half of 1947 above the record levels of the last quarter of 1946." The annual rate of individual corporate profits after taxes from October to December, 1946, was 10.2 billion dollars; from January to June, 1947, it was 11.2 billion.

The contradiction between production and consumption, which expresses the basic capitalist contradiction between the social character of production and the private nature of appropriation, is sharpening and becoming more acute. This is another way of saying that the approaching economic crisis is the result of fundamental contradictions in the capitalist system, and that these contradictions can be resolved only with the abolition of the capitalist system itself. This is also to say that the successful course of the two rounds of wage struggles by American labor, during 1945-6-7, contributed materially to combatting the offensive of the monopolies upon the economic standards of the workers and has thus retarded the rate of decline of the living standards of the American people. However, there is no conclusive evidence at present to show that the wage increases thus gained were large enough or timely enough, in comparison with the rising curve of prices, to augment the available mass purchasing power to such an extent as to begin to exert a retarding influence upon the rate of growth of the elements of economic crisis.

We must note once more the elements of maturing crisis in dairy farming, as well as the dangers inherent for the mass of farmers in the extraordinary overvaluation of land. The unevenness of the slowly maturing agrarian crisis is much more pronounced than in industry.

The President's Report also points to "four fields" in which uncertainties have arisen recently, namely, "the effect of the crop situation upon food prices, the effect of the coal mine settlement upon industrial prices, the trend of housing costs and house production, and the whole matter of foreign economic policy" (page 4). These are crucial spots. Already we see wild price speculations developing in consequence of the forecast that this year's corn crop will be about 20 per cent lower than last year's, which may open a new spiral of price rises in all foods. Coal magnates are raising the price of coal. The steel industry has raised the price of pig iron three dollars a ton and is beginning to increase the price of steel by between five and 10 dollars a ton. As this happens, the country will face the menace of a general steep price rise of all industrial and agricultural products. Rents are being raised. Housing is in crisis due to the sabotage of the monopolies and the refusal of Congress (plus Truman's passivity) to finance a genuine program of housing for the veterans and for the people in general. This housing crisis affects adversely the entire national economy. In the

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matter of foreign economic policy, Truman seeks to dragoon the American people into supporting the appropriation by Congress of billions of dollars for years to come to finance the Truman Doctrine and the Marshall Plan. Financing the Marshall Plan for splitting Europe and building up Germany as against the rest of Europe will not solve, of course, the acute problems of American foreign trade. These problems can be solved only along the road of a genuine and democratic program of aid for the economic reconstruction and rehabilitation of Europe within the framework of a genuine and democratic peace policy. For this the American people must fight.

To sum up: the economic crisis in the United States continues to mature, though unevenly. The drive of the monopolies upon the living standards of the masses and for world domination, coupled with a rapidly falling rate of capital investment, accelerate and hasten the speed with which the elements of crisis are growing. The Republican-controlled Eightieth Congress, aided by the reactionary majority of the Democratic delegation, has done nothing to retard and everything to speed up the approach and outbreak of the coming economic crisis in the United States. The Truman Administration did propose measures and policies, projected under Roosevelt and championed by Wallace, that could, and still can, have the effect of retarding the maturing of the crisis

and of protecting in a measure the masses of the people when the crisis breaks. But the Truman Administration did nothing to fight for these policies. It did not even mobilize its own party, in Congress and outside, in support of these policies. And in the most important field of foreign economic policy, which affects so materially the economic life and prospects of the United States, the Truman Doctrine and the Marshall Plan are destroying American opportunities for peaceful foreign trade and are thus contributing immeasurably toward producing the crisis and hastening its approach.

## II. CAN THE CRISIS BE FOUGHT?

This question we have already answered in the affirmative. We have said that the people, headed by the working class, can and must fight the approaching crisis. We have given the lie to the slanders of the pro-fascists, the flunkies of the monopolies, and the reactionary Social Democrats that the Communists wish and hope for the outbreak of an economic crisis and of chaos generally. We have taken the lead and the initiative in presenting to the people a program—a concrete program—with which to fight the crisis. This program is one which is free of the opportunist illusions that economic crises can be eliminated within the

framework of capitalism, a program designed to fight this approaching crisis practically, and effectively, from the standpoint of the immediate needs of the American people, as well as their long-run objectives of social liberation.

But what does fighting the approaching crisis mean concretely?

It means, first, to project and fight for such economic and political measures as will tend to take care of the immediate effects of the maturing crisis upon the masses. Such measures include adequate and timely unemployment insurance payments to all unemployed without any restrictions and qualifications; adequate and timely relief to those without work who cannot qualify for insurance payments; proper measures by the trade unions to maintain effective contact with their unemployed members; special measures to combat discrimination against Negroes in these fields.

It means, secondly, to project and fight for such economic and political measures as will tend to delay and postpone the outbreak of the crisis. This involves the basic lines of our policy for the struggle against the monopoly offensive at home and abroad, against the new fascist and war dangers, for democracy, peace, and security.

It means, thirdly, to project and fight for economic and political measures that will effectively resist the efforts of the monopolies to shift to the people the main burden of the

crisis when it breaks, that will soften the impact of the crisis upon the masses and protect their vital interests, that will tend to mitigate the severity and shorten the duration of the crisis.

These are the main lines of our Party's program to fight the crisis. The trouble is that we have not yet succeeded in making such a program the property of the broad masses and of the trade union movement. This, therefore, is one of our major immediate tasks.

In this, as in all of our policies, various questions of Marxist theory are involved. Certain of these theoretical questions need further clarification. This is necessary in order to remove all doubts as to whether the crisis can be fought.

The major theoretical questions involved here are the following: (1) What is the relation between consumption and production in the maturing of a cyclical economic crisis; and (2) will an economic policy of increasing mass purchasing power, by the struggles of trade unions and other people's organizations, and by various forms of government economic intervention, tend to retard the rate of maturation of the approaching economic crisis and, in this way, will it tend to delay and postpone the outbreak of the crisis and mitigate its course? Also, how does the main contradiction of the capitalist system—the contradiction between the social character of production and the private capitalist na-

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1. What is the relation between consumption and production in the maturing of a cyclical economic crisis?

The answer to this is that in the final analysis the cause of an economic crisis is *the restricted consumption of the masses as opposed to the expansionist tendencies of capitalist production*. In other words, it is the capitalist contradiction between production and consumption. Marx said:

The last cause of all real crises always remains the poverty and restricted consumption of the masses as compared to the tendency of capitalist production to develop the productive forces in such a way that only the absolute power of consumption of the entire society would be their limit (*Capital*, Vol. III, p. 568).

Any assertion, therefore, that mass consumption and mass purchasing power have nothing to do with cyclical economic crises is anti-Marxist. It also tends to slip into the economic theories of the monopolies, *viz.*, that increasing wages, or increasing mass purchasing power in other ways, cannot increase production.

We must also categorically reject all tendencies to make the Marxist theory of crises look like the theory of under-consumption or vice versa. As we know, Browderism tended in that direction. But we must fight

the widespread fallacies of under-consumption as Marxists and not as apologists and economists of Big Business. We must proceed from Engels' classic statement on economic crises, which says:

The enormous expansive force of modern industry, compared with which that of gases is mere child's play, appears to us now as a *necessity* for expansion, both qualitative and quantitative, that laughs at all resistance. Such resistance is offered by consumption, by sales, by the markets for the products of modern industry. But the capacity for extension, extensive and intensive, of the markets is primarily governed by quite different laws, that work much less energetically. The extension of the markets cannot keep pace with the extension of production. The collision becomes inevitable, and as this cannot produce any real solution so long as it does not break in pieces the capitalist mode of production, the collisions become periodic (*Socialism, Utopian and Scientific*, pp. 35-6).

Again we see that the relation between production and consumption in the maturing of a cyclical economic crisis is real, is intimate, and takes the form of a contradiction between production and consumption. Moreover, this contradiction is the *expression* of the basic cause of cyclical crises, that is, the major capitalist contradiction between the social character of production and the private character of appropriation. In other words, the contradiction that lies at the basis of a crisis expresses itself here precisely in the contradiction

between production and consumption. This theory rejects both the economics of American Big Business which says that mass consumption has nothing to do with production, and the underconsumption theories which claim that merely increasing mass purchasing power under capitalism will do away with crises—theories advocated by New Deal economists, and partly by Keynes.

But here we must add the following. Our fight against the economic theories of Big Business is part of the major strategic objective of the American people and its working class in the present world situation. This objective is to defeat the offensive of the Wall Street monopolies, to curb the monopolies, to win the fight against fascism, to win the fight for peace and democracy and for social progress. This is the theoretical, economic, and political fight of the present period in the history of our country. It is the fight which brings to life the people's anti-monopoly coalition led by labor—the fight which requires that our Party become capable of fulfilling its historic rôle as the vanguard party of the American working class.

On the other hand, the theoretical fight against the fallacies and dangers of underconsumption is a fight against certain economic petty-bourgeois illusions in the camp of the New Deal, of Wallace, and among many progressive trade unionists, that crises can be abolished under capitalism by a policy of increasing

purchasing power. This fight is entirely different from the theoretical fight against the economics of Big Business. Here we deal with illusions of large masses of workers—illusions stemming from the petty bourgeoisie which is the ally of labor in the anti-monopoly coalition. What does this mean? Not that we must not fight the underconsumptionist illusions, but that we must fight them *as Marxists*. We must fight these illusions by spreading and popularizing the correct Marxist theories. We must fight these illusions by projecting such immediate demands and lines of struggle against economic crises as will enable the masses to outlive their illusions and to accept our theories on the basis of their own experiences. This is the Lenin and Stalin way. We must fight these illusions *in the process of winning the petty bourgeoisie as an ally of labor in the people's anti-monopoly coalition*. And we must, of course, at all times educate our membership to a clear understanding and mastery of Marxism-Leninism.

How did Lenin wage the theoretical fight against the petty-bourgeois theories of underconsumption? By popularizing the *Marxist* theories on the question, by giving the theoretical expression of the *working-class* standpoint on the matter, and by *combatting simultaneously the apologists of capitalism and the economic theories of Big Business*.

Here is how Lenin deals with the

petty-bourgeois underconsumptionist theories from the

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petty-bourgeois Sismondi theory of underconsumption in distinction from the Marxist theory. He says:

The two theories of crises, of which we speak, give us two totally different explanations. The first theory [that of Sismondi] explains them [the crises] by the contradiction between production and the consumption of the working class. The second theory [Marx's] explains the crises by the contradiction between the social character of production and the private character of appropriation. The first theory, consequently, sees the root of this phenomenon *outside* of production (hence, for example, Sismondi's attacks upon the classics that they ignore consumption and occupy themselves only with production). The second theory sees the root of the phenomenon precisely in the conditions of production. In brief, the first explains crises by insufficient consumption (underconsumption); the second—by the anarchy [planlessness] of production. Thus, both theories explain crises by the *contradiction* in the very system of economy, but they differ totally in the singling out of the particular contradiction [Lenin, "On the characteristic of Economic Romanticism." Collected Works, 3rd edition, Vol. II, p. 36 (Russian).]

We must learn from Lenin how to fight our own underconsumptionists. Lenin argues here against fallacies and illusions of petty-bourgeois critics of capitalism. He counterposes the correct, Marxist position. He points out what the two have *in common* and wherein the two *differ*.

We should apply the same method.

Furthermore, what did Lenin have to say to the criticisms of the underconsumptionists that Marxism ignores the problem of consumption? How did Lenin answer the slanderous assertion that would make Marxism look like Big Business apologetics? He refuted the slander as follows:

But the question may be asked: does the second theory [Marxism] deny the fact of the contradiction between production and consumption, the fact of insufficient consumption? *Of course not* [underscored by Lenin]. This theory fully recognizes this fact, but assigns to it the proper, subordinate place, as a fact relating only to one sub-division of the whole of capitalist production. This theory teaches that this fact cannot explain crises brought about by another, more profound and basic contradiction of the contemporary economic system [capitalism], namely the contradiction between the social character of production and the private character of appropriation. (*Ibid.*, pp.36-37).

How did Lenin meet the charge that Marxism denies any role at all to mass consumption in the realization of surplus value by the capitalists? Lenin said:

In the developing capitalist society, this part of the social product [the part serving only as capital for the reproduction of means of production] must of necessity grow faster than all the other parts of this product. Only by this law can we explain one of the most profound contradictions of capitalism: the growth of national wealth

proceeds with terrific speed while the growth of the people's consumption proceeds (if at all) very slowly (Lenin, "More on the Question of the Theory of Realization," *Ibid.*, p. 409.).

In other words, not by denying the role of mass consumption, but by putting this factor in its proper place and as one element in the contradiction between production and consumption.

Other charges maintained that Marx was inconsistent when, on the one hand, he said that the aim of capitalist production is not consumption but profits, and when, on the other hand, he demonstrated that in the last analysis production depends upon consumption. Lenin said:

That consumption is not the aim of capitalist production is a fact. The contradiction between this fact and the fact that, in the final analysis, production is connected with consumption, depends on consumption also in capitalist society—this is a contradiction, not of the doctrine, but of real life. Marx's theory of realization . . . has a tremendous scientific value in showing how this contradiction manifests itself, and in according it first place. (*Ibid.*, p. 413.)

Finally, Marx was also charged with inconsistency on the ground that having discovered the contradiction between production and consumption, he also insisted that the production of means of production is "independent" of the production of the means of consumption. How shall this be understood? Said Lenin:

According to Marx, this "independ-

dence" is limited to this, that a certain (ever increasing) part of the product, consisting of the means of production is realized by exchanges within the given subdivision, *i.e.*, by exchanges of means of production for means of production . . . but *in the final count* [underscored by Lenin] the production of means of production is of necessity connected with the production of consumption goods, because the means of production are produced not for their own sake but only because an ever larger amount of means of production is required in those branches of industry producing consumption goods (Lenin, "A reply to G. P. Nezhdanov," *Ibid.*, p. 424).

We have thus demonstrated that there is a very close relation between production and consumption; that the relation is one of contradiction between production and consumption; that this contradiction in the capitalist system is an expression of *the central* contradiction of the system, the contradiction between the social character of production and the private capitalist nature of appropriation; and that this central contradiction is the basic cause of cyclical economic crises and of the approaching crisis in the United States.

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2. Will an economic policy of increasing mass purchasing power, by the struggles of the trade unions and other people's organizations, and by various forms of government economic intervention, exert a retarding influence upon the rate of maturation

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of the approaching economic crisis and, in this way, tend to postpone the outbreak of the crisis and to mitigate its course?

We are here discussing the economic crisis now maturing in the United States. We are seeking the help of Marxist theory in the solution of an immediate, concrete, and practical question. And our answer is that in the present world situation, if the raising of mass purchasing power is brought about in sufficient volume and in time to affect materially the industries producing means of production—then such an augmentation of mass purchasing power would retard the speed with which the approaching crisis is maturing and would thus tend to postpone or delay its actual outbreak.

Note the conditions: the timeliness and the sufficiency of volume of the increase of mass purchasing power. It is clear from the foregoing that not every increase of mass purchasing power will have a retarding influence upon the maturing crisis. We have seen the effects of the two rounds of wage increases. They have materially resisted the efforts of the monopolies to drive down the living standards of the masses and thus have also strengthened the labor movement. But there is no conclusive evidence that these wage increases, in the face of the more rapidly rising cost of living, have had a serious retarding influence upon the maturing of the crisis.

Why? First, because the volume

of the increase was insufficient even to maintain intact the old volume of purchasing power, let alone materially augment it. The cost of living is rising faster than wages. Mass living standards are falling. Secondly, since the volume of increase was insufficient even to maintain previous consumption standards, it could not therefore call forth such an increase in the production of consumers' goods as to necessitate large-scale new equipment and machinery for these consumption industries and thus create an additional backlog of orders for the industries producing means of production. Thirdly, because the Eightieth Congress emasculated and destroyed the price control system, which was weak to begin with, and the Truman Administration went passively along. The result was that the wage increases were eaten up by the faster rise in the cost of living, the mass living standards continued to fall. Fourthly, and perhaps most importantly, even if the wage increases were sufficient in volume and timely in application to produce new and large demands for means of production, which alone can materially retard the maturing crisis, the monopolies in control of the nation's heavy industries and the finance capital dominating our national economy could and would have sabotaged in a measure the consequent increased production demands. For monopoly rests on restricted production at high prices, and because the monopolies are now

seeking to drive down the living standards of the masses.

From this we must conclude that only *certain kinds* of increases of mass purchasing power will have a retarding influence upon the rate of maturation of the approaching crisis. They must be the kind that can bring about a retardation of the maturing of the crisis in the industries producing means of production. In other words, what is required is such an augmentation of mass purchasing power as will, directly or indirectly or both, *create a demand* for additional large-scale means of production, whether for the consumer industries or producer industries or both, and will *effectively prevent the monopolies from sabotaging the realization of this demand*.

Housing is therefore crucial and strategic in fighting the crisis. It serves to meet a critical consumer need and calls for large-scale orders for the heavy industries. The struggle for a government housing program, as proposed by our Party and other labor and progressive organizations, is also the best example of the kind of monopoly sabotage—economic and political—that has to be overcome in order to win an increase in mass purchasing power which will affect the maturing of the crisis.

We must not conclude from the above that no kind of increase in mass purchasing power can have a retarding influence upon the rate of maturation of the crisis. Such a con-

clusion would not be Marxian economics but Big Business economics. Nor must we overlook the basic limitations, within the confines of capitalism, of such attempts to delay the outbreak of the approaching crisis. This would not be Marxian economics but petty-bourgeois illusions presented as economics. Hence, the Party's program for fighting the crisis is based upon a policy of struggle for increasing mass purchasing power, for curbing the power of the monopolies, for combatting reaction in all fields, for strengthening the people's coalition. In short, our program for fighting the crisis must be based and is based upon a policy of struggle for such kind of augmentation of mass purchasing power as will produce an effective retardation of the rate of maturation of the crisis in the heavy industries.

Bearing intimately on this question are expressions of opinion by Stalin on two matters. One throws light on the *limitations* of the program of fighting the crisis within the confines of capitalism. It says:

If capitalism could adapt production, not to the acquisition of the maximum of profits, but to the systematic improvement of the material conditions of the mass of the people, if it could employ its profits, not in satisfying the whims of the parasitic classes, not in perfecting methods of exploitation, not in exporting capital, but in the systematic improvement of the material conditions of the workers and peasants, then there would be no crisis. But then, also, capitalism would not be capitalism.

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In order to abolish crises, capitalism must be abolished. (Report to the 16th Party Congress, *Leninism*, Vol. I, p. 253.)

This deals with the abolition of crises. But it also serves to remind us that to fight the approaching crisis within the confines of capitalism means to fight and overcome the opposition and sabotage of powerful circles of monopoly capital in the economic and political fields, in domestic as well as foreign policy.

The other expression of opinion deals with the immediate causes that brought about the end of the crisis of 1929-32 and the beginning of the revival in 1933. Reporting to the 17th Congress of the Communist Party of the Soviet Union (January 26, 1934), Stalin found that "industry in the principle capitalist countries had already reached the lowest point of decline and did not return to it in the course of 1933."

He then proceeded to give the reasons and perspectives:

Some people are inclined to ascribe this phenomenon exclusively to the influence of artificial factors, such as the war and inflation boom. There can be no doubt that the war and inflation boom plays no small part in it. This is particularly true in regard to Japan, where this artificial factor is the principal and decisive force stimulating a certain revival in some industries, principally the war industries. But it would be a gross mistake to explain everything by the war and inflation boom. . . . Apparently, in addition to the war and inflation boom, the internal eco-

nomie forces of capitalism are also operating here. (*Leninism*, International Publishers, 1942, pp. 302-303.)

This he explains further as follows:

Capitalism has succeeded in alleviating the position of industry somewhat *at the expense of the workers*, by speeding them up and thus intensifying their exploitation; *at the expense of the farmers*, by pursuing a policy of paying the lowest prices for the products of their labor—foodstuffs, and, partly, raw materials; and *at the expense of the peasants in the colonies and the economically weak countries*, by still further forcing down prices on the products of their labor, principally on raw materials, and also on foodstuffs. (*Ibid.*, p. 303, Stalin's emphasis.)

What is directly relevant to this discussion is Stalin's opinion that the growth of war industries and the inflationary policies of the capitalist governments played "no small part" in arresting the further decline and initiating the revival of industry in 1933. Stalin says that this was achieved by the operation of "the internal economic forces of capitalism," "in addition to the war and inflation boom."

This means that the economic intervention of capitalist governments was able to *hasten* the development of an economic trend produced by the internal economic forces of capitalism, *to accelerate its growth, i.e.*, the emergence and growth of the revival phase of a new economic cycle. Important here is the fact that

government policies were not able to produce in 1933 a so-called normal revival phase, but only a peculiar revival which Stalin analyzed as "a depression of a special kind." And why? Because the possibilities for a normal revival were not present in the objective situation, due to the course of the general crisis of the world capitalist system. This also means that capitalist governments, by certain economic policies, are able, not only to hasten the rate of growth of certain objective economic trends, but also to *retard* others.

Hence, the present anti-monopoly and democratic and peace struggles of the people are capable of producing such a relation of forces as may compel the government to put into effect economic policies that will tend to retard the maturing of the crisis phase of the cycle and to hasten the emergence of the revival phase. We are also justified in concluding that such a relation of forces could impose economic policies that would tend to mitigate the severity of the crisis and to shorten its duration.

It is certain that the consistent struggle for such policies must inevitably carry the fight *beyond* the confines of capitalism. It is also certain that a rising and successful struggle of this sort must inevitably lead to the opening phase of the stage of transition from capitalism to the Socialist transformation—a stage characterized by such a relation of class forces as is able to uproot the economic and social sources of fas-

cism by the complete and effective curbing of the power of the monopolies with the abolition of their economic and political domination, and by the emergence of a true democratic and people's government. It is equally certain that it is correct in Marxist theory and effective in practice for the masses to wage a struggle on a program to fight the approaching crisis—a struggle for such economic policies in industry and government as will tend to retard the maturing and delay the outbreak of the coming economic crisis and mitigate the severity of its course.

We must continue to follow very closely the unfolding of the special characteristics of the present economic cycle. We discussed this question in our April, 1947, report, cited above, in which we showed that the peculiarities of this cycle arise from the fact that it is developing in the surroundings of transition from a war to a peace economy and in conditions of a deepened and highly complicated course of the general crisis of the world system of capitalism. A study of these peculiarities is essential to the formulation of our policies and program. They also remind us that during the war the cycle was practically inoperative, its course was interrupted. Consequently, the resumption of large-scale armament production and industrial war preparations by Wall Street imperialism may considerably affect the course of the present cycle. These industrial war preparations

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would also make more catastrophic the course of the crisis when it breaks.

We must also say that all present indications point to the outbreak of the crisis in 1948. Yet it is not at all excluded that a successful struggle of the people on a program of fighting the crisis may still be able to retard its maturing and delay its outbreak.

### III. QUESTIONS OF PROGRAM

In our analysis of September, 1946, we formulated the general task of fighting the crisis, as follows:

... to break the economic sabotage of the monopolies—the sabotage inherent in the very nature of monopoly and closely connected with the present reactionary imperialist offensive of the monopolies. It is this sabotage which restricts and obstructs full production, drives down the living standards of the masses, and hastens the outbreak of an economic crisis (*Political Affairs*, November, 1946).

The objective is to combat and defeat this sabotage of the monopolies. The program of action contained in Comrade Dennis' report to the December, 1946, meeting of the National Committee of our Party, is in all essentials the program that the forces of the people's coalition can support in order to fight the approaching crisis.

This 16-point program calls for a substantial increase in the income of the masses of workers, farmers, veterans, professionals and small

businessmen, in the sphere of wages, farm prices, taxation, veterans' compensation, social security, etc. It contains demands designed to curb the monopolies and to loosen their stranglehold upon the national economy. It projects a Federal housing program of such a nature as to meet the immediate burning needs of the masses of the people (especially veterans and Negroes) and to contribute substantially to retarding the maturing of the crisis. It demands a democratic policy of aid to the rehabilitation and reconstruction of Europe and other regions of the world as part of a genuine peace policy. It provides for the defense of the democratic rights and liberties of the people.

We should reaffirm the validity of this Program of Action as containing the basic demands for fighting the crisis.

At the same time we should single out those points of the program which call for special concentration, and add such other demands as have arisen since last December.

First, as to additional demands:

1. *Price controls.* We should confine the demand for price controls to essential foods and housing. We should call for the institution of price controls in grains, livestock and meats, dairy products, and house rents. These controls would enable the government to check effectively the sabotage of the monopolies as developed in the meat crisis last year. Special public bodies should be

created by law to exercise supervisory functions in the realization of government price control. These bodies should consist of representatives of trade unions, farm organizations, professionals and small businessmen.

2. *Aid to foreign countries.* We should demand that Congress approve a program of economic aid to Europe and other parts of the world, free of political conditions and interference in their internal affairs. This program should be based on a system of priorities to those countries which have contributed most to our common victory over Hitler-fascism and Japanese militarism, which have suffered most in the war, and which will use this aid to raise the standard of living of the masses of their peoples, thus contributing to the greatest degree and most rapidly to the expansion of peaceful world trade and hence to American foreign trade. The American people must refuse to give a cent to finance the Truman Doctrine and Marshall Plan, because to do so means to finance the splitting up of Europe, the creation of a Western bloc, and the up-building of Western Germany and the Ruhr to the disadvantage of ourselves and our allies in the war against Hitler.

3. *Public control and ownership.* Here we reformulate point 10 of our Program of Action to include the steel industry. It reads:

Establish the monopolized sector of the food industry, especially the meat and dairy trusts, as a public utility;

establish the steel industry as a public utility; institute effective, democratic, government control and regulation. Establish public ownership and operation of railways and the mining industry, under democratic controls, as well as of all public utilities, *i.e.*, gas, electricity, water, telephones, etc.

We should include here the following additional demands: (a) immediate prohibition of all speculation in grains and livestock; (b) immediate prohibition of any further rises in the price of coal and steel and the cancellation of all increases since the conclusion of the miners' agreement.

4. *The fight for jobs, for maximum production and employment.* Here we must formulate a new demand for jobs and maximum production and employment, since the crisis is approaching more closely. This will call for programs of demands for each industry, especially the basic industries, by the respective trade unions. More important will be the program of demands upon the government by the whole people's coalition headed by labor.

With the outbreak of the crisis, the fight for jobs and for maximum production and employment will become the main line of struggle. The major demand in the fight for jobs will have to be the following: The government must assume direct responsibility for assuring and providing a job to every American able and willing to work. This should be realized in collaboration with the

trade unions by a governmental democratic economic policy of assuring maximum employment in the production of goods for peacetime consumption. Special measures will have to be adopted in all branches of the national economy (industry, commerce, finance, service, transport, agriculture) including particularly the South and the Black Belt, to insure the provision of jobs and full employment for the Negro people. The fight against discrimination in employment because of race, color, creed, religion, and national grouping, will be a major phase in the fight for jobs.

We should support the full employment demands of the Roosevelt Economic Bill of Rights and their championship by Wallace, as the broadest platform of the people's coalition in the fight for jobs. However, we must urge that these demands be reinforced by, and integrated with, concrete provisions for curbing the monopolies and for the government assuming control over production in some of the basic industries, in collaboration with the trade unions, farm organizations, professional groups, and small business. The governing principle here must be: where a monopoly, or a group of monopolies, is unable and unwilling to assure full production and employment in their respective branch of economy, the government must assume control and responsibility for attaining these ends in collaboration with, and under the

supervision of, democratically established public bodies of labor, farmers, professional people, and small and independent business.

We will also have to insure that our educational activities and theoretical work systematically popularize the Marxist theory of economic crises, as well as the basic proposition that only under Socialism will the right to work be realized fully and permanently.

Note the approach to public ownership and control and the people's participation therein. The approach here to the demands for public control and ownership is from the standpoint of struggle against monopoly sabotage of production and distribution, against monopoly prices, for delaying the outbreak of the crisis, for jobs and full employment, for mitigating the severity of the crisis when it breaks and for shortening its duration, for weakening the chief source of reaction and fascism. It is from the mass struggles for these objectives that the demand arises for declaring certain industries public utilities and establishing public regulation, and for outright public ownership of other industries, both to be exercised by the government with the participation and supervision of the democratic organizations of the people through specially created public bodies.

Secondly, with regard to singling out the special demands for concentration.

Here we should consider the following six demands or lines of struggle: (1) housing and rent controls; (2) wages, prices, and price controls; (3) unemployment insurance and social security; (4) aid to foreign countries; (5) curbing of monopolies and the establishment of public controls over monopoly; and (6) fight for jobs, and maximum production and employment.

These six concentration demands need not always go together. Special broad movements will arise on a single demand among the six, such as housing. In certain situations, some other one of these six demands may become the central one. But we must work on the basis of *a complete program* for fighting the crisis—a program containing the six concentration demands as formulated in the foregoing along the

lines of the 16-point program outlined in Comrade Dennis' report to the December, 1946, meeting of the National Committee of the Communist Party.

It goes without saying that the struggle for any one of these demands must be made an organic part of the general struggle of the American people's coalition against the offensive of the monopolies at home and abroad. It must be made part of the struggle for the promotion of the third party movement, for the setting up of a united pro-Roosevelt presidential ticket in 1948, for broadening and strengthening the people's fight for Wallace for President, for uniting all progressive forces to defeat the reactionary Eightieth Congress and to elect a progressive, pro-Roosevelt Congress in 1948.

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# GERMAN POLICY OF THE MARSHALL PLAN

By JAMES S. ALLEN

IN TWO PREVIOUS ARTICLES (July and August issues) I attempted to show the essence of the Marshall Plan by analyzing the unusually rapid developments following Marshall's Harvard speech of June 5. From these events and against the background of the entire line of American policy as it unfolded since V-E Day, the main aims of the Marshall Plan stand out, as follows:

1. To gain decisive control of the Ruhr for the American capitalists, to be used as a base for the economic penetration of Europe and for political domination of the entire continent.

2. To use American loans as a lever with which to strengthen the position of the reactionary forces in Europe, halt democratic reform, force the adherence of France to the Anglo-American bloc, and increase the dependence of both Britain and France upon American imperialism.

3. To use the Ruhr arsenal and the bloc built around it to isolate the Soviet Union and the new democracies of eastern Europe, while

building up the strategic and military position of the United States in Europe and Asia.

To these specific objectives may be added the grandiose concept of the Marshall Plan as a remedy for the general crisis of the capitalist world. Even the conservative New York *Herald Tribune*, referring to the widening crisis since March, when President Truman enunciated his Doctrine, is forced to admit the basic nature of the crisis:

Perhaps it is time to recognize that the crisis is not local; it is not merely European, but it is the crisis of the entire politico-economic system of Western capitalistic or semi-capitalistic democracy. (August 5.)

The Marshall Plan, and the basic line of expansionist policy of which it is part, is seen as a global effort to revive capitalism in the image of American "free enterprise." Even the partial nationalization efforts of the British Labor Government, not to speak of the more basic democratic spirit of eastern Europe, are considered an abominable defiance of the American way of life.

The heart of the Marshall Plan is the restoration of German monopoly-capitalism. Together with the revival of imperialist Japan under American auspices, this is to serve as the mainstay of a new era of capitalist stability and expansion. It is therefore in order to inquire whether the Marshall Plan can solve the German question; for if it cannot do that it can hardly be expected to

resolve the greater crisis of which Germany is part.

#### THE POST-WORLD WAR I POLICY

In many respects the present American policy toward Germany is a throwback to the policy that was dominant in Britain, France, and the United States after World War I. If we allow for the change in power relations (today the United States plays the dominant role rather than Britain and France) the present policy in its main features is almost a replica of the old one. Of course, there are many new elements in the situation, especially the immeasurably greater role of the non-imperialist and democratic forces, and we will soon see how this affects the situation. But then, as now, the Western Allies attempted to restore German imperialism as the nexus of capitalist stabilization in Europe, and as the central bulwark against revolutionary Russia and the Socialist and democratic movements of the continent.

In this venture France and Britain played the leading political roles, while the United States eventually was content in the main to provide economic assistance. Through the Dawes Plan it supplied the first large loan to the German Republic, followed by a flood of capital investments in German industry by the American corporations. As a result, the trusts broadened their participation in the German cartel system,

and helped to revive German industry on a more efficient basis, to the detriment of both Britain and France, whose industrial development throughout the 'twenties remained more or less stagnant. While Britain was forced to accede one important position after another to Germany in Europe, and France was again under the shadow of its powerful aggressive neighbor, they continued the tragic policy of bolstering Germany against the Soviet Union even after Hitler came to power. This policy reached its apogee in the Munich Pact, which was supposed to turn the German war machine against the Soviet Union while assuring peace to Britain and France. The rest is well known.

There is no denying that up to a certain point this policy temporarily achieved some of its objectives. German imperialism was restored, and on its old aggressive basis. Socialist revolutions that followed the war in a number of European countries were suppressed. For a brief period of four years, 1925-1929, Europe enjoyed economic stability of a sort, dependent largely on the ascendancy of Germany and on Anglo-American loans to a number of countries. But the world-wide economic crisis which was especially grave in the United States and Germany, and the ensuing spread of fascism which led to war, soon revealed how deceptive and unstable was the peace established around a revived German imperialism.

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temporary successes, the policy of "containing" Communism with German power proved a complete and dismal failure. It was fatal to Germany itself, and brought disaster to the entire world. The isolation of the Soviet Union did not weaken her, as was anticipated. The Soviet Union developed into a great Socialist power despite the isolation forced upon her. Capitalism in Europe, and not the Socialist system, was brought to the brink of collapse. The base of capitalism was destroyed in eastern Europe; it is fundamentally disrupted in Germany; it is perhaps fatally weakened in France and Italy; and the chronic crisis of Britain and her Empire has been aggravated. And this undermining of the capitalist system is fundamentally the work of the capitalists themselves, of their reactionary statesmen, of their bankrupt and disastrous policies, revealing again how an outmoded social system and its ruling circles prepare their own demise in advance. If it was thought that the Communists, themselves products of the crisis within capitalism and the potential leaders of reborn nations, could be extirpated by wholesale murder, this also proved a miscalculation on a par with Munich, as witness the rapid growth of the Communist Parties in Europe.

#### PRESENT U.S. POLICY

As we examine present American policy against this historical background and also in the light of the new postwar situation we cannot

help but conclude that even the partial successes of a similar policy after the first war will be most difficult to attain. It is true that the United States has more economic and military power which which to back up its present expansionist movement than it had after the First World War. But the British and French positions are greatly weakened as compared with the earlier period. This means that the United States, instead of playing a relatively minor political role in Europe as after World War I, would have to assume the main burden of continuous and direct political intervention, backed up by military-strategic support. It would, in addition, have to provide billions of dollars to revive the Ruhr and to prevent further deterioration of the economic position of Britain and France.

This in itself presents a tremendous drain upon American resources, especially since the funds must be raised from the people by taxation. And with the United States assuming a similar position with respect to Asia and other parts of the world, the sum total of government grants under the Marshall Plan or similar schemes, not to speak of the expenditures for new bases and military ventures, will reach a truly stupendous figure.

The difficulty is that these huge expenditures, devoted to expansionist aims, merely pave the way for still further grants, for instead of establishing the conditions that would make possible economic stability in

a peaceful world, they intensify the elements of instability and crisis. The ills of the capitalist world today are not merely financial, in the sense that they can be solved by dollar loans alone; they arise from a world crisis that is social and political, as well as economic. And since American lending is tied to a reactionary and expansionist policy that seeks to restore systems which have proven bankrupt, even to the extent of supporting or instigating civil wars, the social-political crisis is aggravated.

The experience with the 3.75 billion dollar loan to Britain, which is being exhausted fully three years ahead of time, demonstrates how futile are large grants under the present policy in allaying a crisis as profound as Britain's (and the same can be said for France, and most other countries receiving large American loans). Britain now finds herself in even a more desperate plight than when the loan was granted. In order to receive this loan and leave the way open for future credits, the Labor Government curtailed its program of social reform, failed to mobilize its own resources to the full, intensified its activity in the Anglo-American bloc against the Soviet Union and the European democracies, and is forced to grant the United States one advantage after another—in British industry, in the Ruhr, and in its world spheres of influence. The world position of American monopoly-capital has expanded, but the crisis in Britain has grown worse.

One of the great difficulties in American lending is that the countries most in need of assistance either lack the means, because of their own reconstruction needs, or find it impossible, because of American exclusion policies, to repay these loans even over a number of years in a normal way; that is, by the export of goods to the United States. The American trusts maintain an increasingly closed market in the United States, by far the biggest sector of the world market. Government loans therefore assume more the character of grants than of commercial credits, and these are to be repaid in a special way: by grant of bases, commercial advantages to American Big Business, free access to strategic raw materials and to markets, shares in home industry, and, in general, acquiescence to the American expansionist policy.

These oppressive features of present American lending sharpen up the elements of crisis everywhere, without in any significant way holding off a new economic crisis in the U.S. Even if further lending maintains American exports at their present rate, these will be insufficient to prevent a collapse within the American economy. By volume (that is, allowing for the increase in prices), exports are running only about double the level of exports during the prosperity years of the 'twenties. Taking into account the expansion of the American economy over this period, exports play only a slightly greater role now in relation

to the home market than they did on the eve of the Great Depression of the early 'thirties. In addition, the partial and passing benefits of these grants in maintaining the level of production are in part cancelled out by the effects of the inflation in restricting purchasing power at home. Increasing prices are not due primarily to foreign loans; but there can be no doubt that the inflation is sustained in part by the policy of draining the dollar and gold reserves of other countries through maintaining high prices for American goods.

Thus, if the United States assumes a much greater political and economic role than it did after the First World War in building up Germany and mending capitalism at its weakest points, it also contributes a greater share of instability, arising from its increasingly aggressive expansionism and from the threatening economic crisis. Every expansionist move brings the already dangerously weakened countries of Western Europe and their colonial empires more completely within the orbit of the new economic crisis looming in America. And always excepting a sharp turn toward direct preparation for war, a severe economic crisis threatens to dry at its source the stream of dollars that is counted upon to solve the greater and general crisis of the capitalist world.

#### POLITICAL OBJECTIVES

As concerns the principal political

objectives of the American policy toward Germany—the restoration of a German imperialist bulwark against the Soviet Union and the democratic movement in Europe—the situation in Europe is radically different from that following World War I.

At the end of the first war, the young Soviet Republic was engaged in a life-and-death struggle against the counter-revolutionists and the Allied armies of intervention that descended upon it from all directions. Today Socialism is firmly established, a great power in its own right.

After the first war, it took the Soviet Union ten years to restore production to its low prewar level and during this period of reconstruction it lagged far behind other industrial powers. Today, despite the devastation caused by the Nazi invasion, the Soviet Union is among the foremost industrialized nations of the world. By 1950, within five years after the end of the war, it intends, not only to recover its prewar level of production, but to exceed it by half again.

Toward the end of the first war, the Soviet Republic, as soon as it was born, withdrew Russia from the conflict and was forced to accept extremely unfavorable peace terms imposed by the Germans, at the expense of Russian territory and strategic positions. But, in the recent war, the Soviet Union struck the main blows against Germany, carried the war to Berlin, and as a con-

sequence itself plays a leading role in establishing the peace, despite the efforts of the Allies to isolate her.

As a result of the Soviet role in the anti-Axis war and of the democratic revolutions in the countries of eastern Europe, the position of the Soviet Union on the Continent is radically different from that following World War I. Central and east European relations have changed completely. After the first war it was possible to erect a cordon of reactionary states along the European borders of Russia, states which later either became satellites of Germany or were easily conquered by Hitler. Today the European neighbors of the U.S.S.R. are democratic and friendly states, cooperating closely with the Soviet Union to safeguard their new status and to assure their further democratic development.

Today, therefore, all efforts to isolate the Soviet Union from Europe prove futile, as the repudiation of the Marshall plan by the new democracies of Europe shows.

The democratic development in central and eastern Europe also militates against the restoration of a German imperialist power that would command a position on the Continent equivalent to that of pre-war Germany. The restoration of the former German cartel network from the Baltic to the Black Sea, which provided a key position for German ascendancy, is now precluded by the nationalization of industry, resources, banking, and

transportation carried out by the new democracies.

Furthermore, these countries have made the political turn that renders possible rapid reconstruction and further national development. Poland has been greatly strengthened by the acquisition of its western border territory from Germany and also new industrial resources in Silesia, as well as by its speedy reconstruction. Together with highly industrialized Czechoslovakia, she can contribute through mutual aid and cooperation to the development of other eastern European countries. The old balance of power which permitted Germany to dominate central and eastern Europe has been changed to the disadvantage of Germany and to the benefit of the new democracies and the cause of peace.

#### GERMANY TODAY

Germany itself presents a picture quite different from the Germany of post-World War I. This time the war was carried into the very heart of Germany, and Germany in defeat has come under the occupation by the Coalition Powers.

After the first war, the Social Democrats immediately established a new German government, held off the revolution which would have changed the base of German society, and preserved the alliance between the cartel-masters, the Junker landowners, and the militarists which later brought Hitler to power.

Now the prospects for getting that kind of a central government are faint indeed.

Sizeable parts of Prussia, the traditional home of the German jingoes, have been separated from Germany. In the third of Germany under Soviet occupation—which includes the chief agricultural area and the industrial region of central Germany—land reform, various forms of nationalization, and the encouragement of popular democratic forces have already altered radically the old base of German capitalism. The former ruling class is replaced by a coalition of working-class and middle-class forces. The major political achievement, around which this coalition evolves, is the combination of Social-Democrats and Communists into the Social Unity Party. Together with the development of the new trade unions and other democratic organizations, the formation of the new party has gone far toward overcoming the split in the German working class that proved so disastrous for Germany and the world.

Since a reactionary central government is not on the horizon, Anglo-American policy is directed toward splitting Germany, so that an imperialist base may be maintained in the West. The immediate objective is to force the fusion of the French zone with the merged Anglo-American zone, and within this truncated Germany, which is to be highly federalized, to set up a central administration. This loose

structure would permit the numerous semi-autonomous states to act as a brake on working-class unity and the democratic movement, would offer numerous sinecures for the German reactionaries, and provide readier channels for foreign penetration and control.

Aside from the economic difficulties created by dividing Germany and then breaking up western Germany into loosely combined parcels, this "solution" can prove only dangerously unstable. Partition followed by extreme federalization in the West will no doubt stimulate among the German people an intense movement for national reunion. Neo-fascist forces will be certain to take advantage of this sentiment to the best of their ability. But the most important aspect of this question for the future of Germany is that the Soviet Union is the advocate of a united Germany, while the western allies are the sponsors of partition and disunity. The movement for unity arises primarily from the working class and democratic forces in Germany today, in the West as well as in the East, while the reactionary forces favor partition.

The old saying that history repeats itself but each time in a different form may prove particularly appropriate to the role of Prussia. Historically, Prussia was the center of German reaction, and imposed its own form of national unity upon the separate German states in the latter half of the 19th century. But today the traditional roots of Prussian re-

action are being torn up, so that if the region formerly constituting Prussia and now partly in the Soviet zone of occupation again plays a pivotal role in German unification its influence will be exerted for a democratically united, non-imperialist Germany.

Stalin's famous dictum that Hitlers may come and go but the German nation remains will always plague the advocates of partition. For this time, as never before in German history, the democratic side is in a position to reachieve national unity in a great progressive advance, and not as in Bismarck's time and after the First World War permit reaction to exploit the popular urge for unity in its own fashion.

#### U.S. ECONOMIC POLICY TOWARD GERMANY

On its economic side, the American policy toward Germany is fraught with equally great difficulties. If the American expansionists hope to build up the Ruhr as the pivot of their penetration of Europe and as a central arsenal, they must also for some time to come feed, clothe, and house the inhabitants of western Germany, and supply many of the industrial raw materials no longer available from the old sources. Furthermore, they must undertake this burden almost alone, for Britain may soon have to suspend her outlays in Germany.

This is a consequence of the partition, and also of the maintenance

of the old monopoly and reactionary structure in the western zones. Although the devastation of war was greater in the east of Germany than in the west, production has steadily increased in the Soviet zone, where the agrarian reform, nationalization, and the reparations policy (which quickly re-established the link between Germany and eastern Europe in a new form) stimulated output. On the other hand, production in the Ruhr and generally in the western zones lagged far behind; for instead of attempting to restore industry to serve a democratically unified Germany and supply reparations to Europe, Britain and the United States are engaged primarily in the fight for control of the Ruhr trusts, and are directing their entire policy to the revival of the imperialist base.

Should the United States win the key positions in the Ruhr from the British and on that basis proceed to restore German heavy industry, the consequences of partition will be enormous. Even as partition has developed up to this point, the economic unity of Germany has been basically disrupted. The western industrial regions have been separated from the large food-producing areas in the East, and even within the western zones, agricultural Bavaria, occupied by the United States, is not supplying its quota of food to the Ruhr, which is under British occupation. Within a continuing federalized structure, where each semi-autonomous state will be serving the purposes of one or the other

power (Britain, United States, France), it is doubtful whether a healthy interchange can be established.

The entire economic network is knocked out of kilter by partition. The western zones of Germany contain about 70 per cent of the industrial output of prewar Germany. But the other 30 per cent includes transportation, various raw materials sources, and important industries such as machine-tool, electrical, textile, chemical, and soft coal which were either essential or linked in one way or another to the Ruhr industries. This means that these needs will have to be met from other sources, and mostly within a narrower circle, if the economic boycott against the Soviet Union and eastern Europe should continue.

This brings us to the major difficulty of the new attempt to restore the trustified Ruhr. The old antagonisms between Germany and Britain and between Germany and France will be recreated, but in a much sharper form and to the great disadvantage of both Britain and France. For this time a powerful expansionist power, the United States, is in a position, not only to control the Ruhr, but also to exploit the economic difficulties of Britain and France. The American trust magnates envision the Ruhr as a sort of vast branch agency, from which they will export into European markets in competition with British and French industry. The struggle will be fiercer than before

the war, for the scope of this type of unhampered economic rivalry has been narrowed to western Europe by the democratic developments in the East. This is a prospect that spells further economic disaster for the British, who count so heavily on regaining their export markets, and who will again confront a modernized German industry far superior to their own stagnant industrial set-up. And the French, faced once again with a heavy German industry far overshadowing their own, will find themselves for the fourth time since 1870 threatened with new aggression.

Thus, American expansionism begins to assume a more immediate and pressing threat to the peoples of Europe because it takes the form that they know so well—the threat from the Ruhr. These peoples will not stand by idly while the Ruhr is built up at their own expense, especially when this is accompanied by further American encroachments upon their national sovereignty and interference in their internal affairs. The Communist Parties of Europe, especially in France and Italy, are so powerful today and grow in influence precisely because they point the way to a truly democratic national resurgence that will consolidate the gains of the anti-fascist war and safeguard the people from new aggression.

#### ALTERNATIVES

It would be sheer idiocy to assume

that the formidable obstacles which stand in the way of the Marshall Plan for rebuilding imperialist Germany will cause the expansionists to desist. It is true that as the American people see the dangers of this course, and become aware of the new hardships arising from it, there will be increasing pressure to withdraw. But the expansionists have an alternative of their own, should the Marshall Plan fail even in its most immediate objectives; and this alternative is not "isolationism" in the sense of political withdrawal from Europe. The real alternative they are even now preparing, in the form of strategic bases in many parts of the world and the expansion of the entire military establishment (including partial industrial war mobilization), is military action. Preparation for the dispatch of American troops to Greece is an ominous warning to the American people and the world of the war-breeding nature of the entire expansionist program.

There is another alternative, the one that is favored by progressive forces throughout Europe and the world, and that the American people also accepted as their own government policy under Roosevelt. In the main, without discussing the many detailed aspects, it is the policy growing out of the war alliance and embodied in the Yalta and Potsdam accords: cooperation with the Soviet Union, Britain, and France to assure a unified democratic Germany

that will be a threat to no nation and the special preserve of no foreign power. Four-power control of the Ruhr, reparations, economic and military disarmament, the purge of Nazi and militarist elements, decentralization, encouragement of the trade unions and democratic organizations, centralized administration, and the eventual preparation of a central democratic government when Germany is ready for this step—all these were included in the program to which this country is committed.

The present American policy violates every basic provision of the Potsdam accord, which bears President Truman's signature. It is almost a replica of the disastrous policy followed after the First World War and which led to the Second World War. We are getting close to a complete rupture that will doom a failure the scheduled meeting of the Big Four Foreign Ministers in November, where the opportunity may still exist to reach an understanding, in the process of negotiations and compromise, with respect to Germany.

For every American the word "Germany" evokes memories of two world wars in which our country participated. If we wish to avoid a third it is imperative to watch closely the course of our foreign policy and to fight with all our energies the efforts of our reactionaries to rebuild Germany as a springboard for new aggression.



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