The Parasitism of the U. S. War Economy

By John Swift

It is now generally conceded that, were it not for the huge armament program, the country would today be in the grip of an economic crisis. In its yearly economic supplement, the *New York Times,* of January 2, 1952, admits that the 1951 "setback in consumer goods contained all the elements of a first class economic recession." "This," it adds, "was averted by the slow rise in defense expenditures [read: war expenditures], which was sufficient to keep the economy of the country at a high point despite this setback in consumer goods."

That the "slow rise" was hardly slow, is here beside the point. What is important, however, is the acknowledgement that *only* this rise in arms expenditures and production averted an economic crisis, even if the *New York Times* prefers the much paler designation of "first class economic recession." After all, the *Times* could hardly be expected to characterize its beloved capitalist system as being in or near so sordid a state as that of a "crisis."

Irrespective of the terminology the *New York Times* employs to describe the facts, it is the facts themselves that most eloquently describe the present state of U.S. capitalism. Thus, in the same economic supplement, there appears an article singing paeans of praise to the "remarkable progress of American private enterprise [which] is seen in the . . . profits, taxes, and dividends since the lush year of 1929." Yes, truly remarkable! Profits after taxes (remember: after taxes!) rose from $8 billion in 1929 ("the lush year"), to $18 billion in 1951. And yet the title of the article is "Taxes Drain Away Business Profits" (!).

Even more remarkable is the conclusion drawn by the writer. Apparently oblivious to the portent of what he is writing, he outlines the trend of industrial production over the past 22 years since 1929. In this he shows that (measured by the Federal Reserve Board's Index based on the 1935-39 average as 100), production fell from 110 in 1929 to the "depression low of 58 in 1932." Then production rose to 113 in 1937, only to fall again to 89 in 1938. "Since then," continues the writer, "war and its aftermath have played a major part in the general prosperity."

And now comes the grand finale, the happy ending of our tale; for the writer says: "The rearmament program is again becoming the force behind the wheels of industrial output." Then he adds that a "truce in the Korean conflict will not change the present plans of military preparedness."

Need anything more be said about the "remarkable progress of American private enterprise?" The "progress" of cut-throat buccaneers minting gold from the bloody El Dorado of war!

TRUMAN'S "ECONOMIC STRENGTH"

What are the real effects of the huge arms program on the nation's economic health? Can it hold back the flood waters of economic crisis, and for how long? What will happen when the arms program has run its course? These and sundry questions are being asked today by increasing numbers of people and from all classes of society. For even among the "we never had it so good" gang of monopoly capital, there is a growing uneasiness, and a strident note of fear for the future is being heard more frequently.

In the self-same economic supplement of the *New York Times*, a leading article soberly warns that "business does not look for 1952 to be a year of unalloyed boom" and that "a note of caution is being sounded by some." The article adds: "Some [capitalists], primarily in defense will do well. Others, in consumer goods fields, may find sales . . . slipping behind last year." While the *Journal of Commerce*, of December 24, as quoted by the *National Guardian*, finds that "The optimistic prophecies of a short 12 months ago have gone sour. The gears of our economy have slipped a cog somewhere . . . many of the older generation who cut their eye teeth in the Great Depression and have had their illusions of a New Era rudely shattered are becoming fearful of the shape of things to come."

But if a certain pessimism is noted here and there, it has by no means touched the calm serenity of the President. Seeing all and knowing all, this mighty sage peers into the misty future and sees—exactly nothing at all. But, genius that he is, from this very nothingness he perceives perpetual prosperity.

In his "Report on the Economic Conditions of the Nation" (*New York Times*, January 14), and via the pens of his economic ghost writers, he proclaims the arms program as a blessing in disguise. "The past year," he declares, "has been marked by great gains in our basic economic strength." "Furthermore," he says, "the productive capacity of the United States leaves no room for faintheartedness or defeatism."

What about the drop in consumer goods production and sales that took place during 1951? According to Truman's own report, consumer purchasing "in the second half of 1951 was about 3.5 percent lower than in the second half of 1950" (just before Korea). Was this due to overproduction or declining purchasing power? Not at all. He explains: "For the last three-quarters of 1951 consumers have voluntarily elected to buy at a level . . . before Korea," *i.e.,* at a reduced level.

"Voluntarily elected" to buy less! Somehow we never thought of it that way. But that is only because we fail to see the "free world" in all its glory, where everything is "free" and "voluntary"—even, or should we say, especially, poverty. Can it possibly be that the mass pay-envelope in terms of real wages has done some visible shrinking?

But for Truman, as it was for Professor Pangloss in Voltaire's *Candide,* this is the best of all possible worlds. Truman says: "If the world situation stabilizes, so that we can after two or three years taper off the defense program," then the true millennium will come, for "our expanding economy can double our standard of living within a generation."

Thus Truman is not only optimistic for the immediate future but considers those who see the present boom as short-lived, and inevitably leading to war or economic crash, as nothing but jeremiahs of despair. On his part, there is no "fear that we would get into a depression by not knowing how to make use of the blessing of full production and full employment."

His formula for creating perpetual economic motion is also relatively simple. It goes something like this: First we produce and pile up armaments. During this arms boom, a potential consumer demand and market is built up. Then in two or three years if all goes well we "taper off" and shift gear to civilian production, filling the pent-up demand. When this runs its course, we shift back to producing armaments. In this way, *ad infinitum,* we not only "defend the free world," but avoid economic depression and achieve perpetual prosperity in which "our productive ability will enable us to achieve a material well-being never before known."

What will happen to the man-made mountains of atom bombs and armaments? Truman does not say. But these are not for war—not on your life! They are all for peace—every last napalm bomb! In fact, he says: "It is because we seek peace—a just and lasting peace—that we have to shoulder this burden." (Why burden?—this must be a slip of the pen.)

And thus the American people are being sold a pig in a poke—armaments without war—over-expanded war economy without economic crisis—and for the stark reality of lower living standards today, they are being traded the illusory promise of a doubling of living standards in the sweet bye and bye.

And, of course, there are those Big Business spokesmen who believe that even Truman knows better. Raymond Moley, in his syndicated column of January 30, writes: "He [Truman] must know that, despite his optimistic economic predictions, the present boom cannot be sustained indefinitely. With all due allowance for the delusions which seem to prevail among his economic advisers, those people must know that the chance of a collapse before 1956 (the next presidential term) is exceedingly likely."

The cynic Moley even accuses the President of desiring to be out of the White House when the day of reckoning arrives.

Whether Mr. Moley is right or wrong about Truman's desires is not too important. What is important is that many people apparently have been influenced by Truman's phony economics. It is therefore tremendously important to see things as they really are, to understand the dynamics of the huge armament program—both its immediate as well as its long-term effects. Let us apply ourselves to that task.

THE PARASITISM OF THE WAR ECONOMY

Having already mentioned that the country would today be in the midst of an economic crisis, were it not for the armament-induced boom, let us start our investigation by asking ourselves exactly how these increased arms expenditures produced this result—even if it is only temporary. Only then shall we be able to see exactly where we are and where we are heading.

There is a rather simple notion current about this. It is that by spending large sums of money on armaments the government is providing the additional fuel needed to keep the economic pot boiling. But it is important to ask: Where does this fuel (money) come from in the first place?

To the extent that the arms program is paid for from current taxation (so-called "pay-as-you-go")—and at this point the great bulk of it is (87 percent in the proposed 1953 budget)—this money is actually siphoned off from the annual national income. That portion of the money coming from the income of the workers and middle classes (farmers, small business people, professionals), would essentially have circulated back to the production process through the purchase of consumer goods—necessities as well as luxuries. Thus, the taxes drawn from this portion of national income provide no additional fuel and add nothing to total production. All that happens, is that there is a shift in the relative size of the component parts of the total national product—a shift from civilian goods production to war goods production.

It is as if a number of inches were sawed off one end of a ruler stick and glued to the other. The net result would be a change of relative positions; but the actual length of the ruler would remain the same. It is likewise for the economic ruler that measures the size of the annual product. Not even the weirdest incantations of bourgeois economic medicine men can transform a reduced consumption of the people into an increased national production — and even less so into prosperity.

Hence, those who see the annual leaps in armament expenditures* as sums to be merely added to annual output, are in great part only seeing double.

What really happens in this process, and what they either fail to see or refuse to see, is the impoverishment of the masses, and what effect this has on the economic life and prosperity of the nation—and also on the issue of war or peace, we shall have occasion to deal with later.

Of course, it is true that a sizable portion of the arms expenditures does not come from mass purchasing power, but is taken from surplus value, especially from that portion which contains the huge profits of the corporations and the capitalist class as a whole.

But the emphasis of the Truman Administration has been on placing the main burden of taxation on the masses of people and not on the monopolies. Hence, even if the big corporations squeal like stuck pigs about taxation, the main burden is falling more and more on the "little fellows."

* Armament expenditures rose from $18. billion a year pre-Korea to a rate of $24. billion a year at the end of 1950; to $45. billion a year at the end of 1951; to an estimated rate of $65. billion a year at the end of 1952.

Indeed, bourgeois economists have a special theory about this. For them, the more that is stolen from the food, clothing and shelter of the people by direct and indirect taxation, the better it is supposed to be for the economic welfare of the nation. According to these learned but not wise gentlemen, the greater the people's ability to buy, the greater the "inflationary pressures" on the economy.

That there are inflationary pressures and that these are growing, is undeniable. But the underlying cause for this is by no stretch of the imagination the consumption capacity of the masses. At this point let us repeat once again, that those who see the expenditures for war production as a great boon to the national prosperity, and at the same time insist that this be paid for out of the income of the common people, want to eat their cake and have it too.

We are reminded of the scene in Anatole France's *Penguin Island,* where the rich elders of the community are asked to agree on a public levy to defray state and church expenses. These patriotic penguin gentlemen immediately state their readiness to sacrifice their all for flag and creed. But placing the public good above their own narrow interests—as is so characteristic of their class at all times and in all places—they immediately perceive that taking this levy from the rich would be a most grave injustice to the poor. For, as everyone knows, the poor live on the wealth of the rich, and if some of this wealth is taken away, what will the poor have to live on? Also, the poor already have so little, what difference does it make if they have a little less? In this way the rich penguins logically prove to one another and to their puppets in government that sparing the rich is the very best way to spare the poor, for then the poor are left with at least something—the wealth of the rich!

When it comes to taxes, the above type of logic still governs the thinking of our Wall Street elders and their economic "expert" stooges.

Despite all the Big Business moaning and groaning about high taxes, there is much to the charge that these taxes are passed on to the consumer. For corporate profits *after* taxes remain more than twice as high as they were in 1929—"the lush year," and also the year of the great crash (great economic crashes follow lush profits, like the hang-over the drunken spree). For is it a secret that since 1929 the big corporations have added a trick or two to the art of concealing profits and manipulating huge tax rebates? Just the other week, for instance, when the tax scandals shocked the nation—we are fast becoming a scandal shock-proofed nation—the Big Business weekly, *U.S. News*, offered its readers the assurance that the chances of getting away with tax evasions are still quite good —something like 50,000 to 1. Even a rigged Reno roulette wheel cannot equal odds like these.

PRODUCTION AND THE WAR ECONOMY

What then explains the artificial stimulation which total production has undoubtedly received by armament expenditures? The main factors are the following: 1) a shift to an arms economy requires a corresponding shift in capital investments from the civilian to the war-production industries, plus a considerable relative and absolute expansion of these industries; 2) With the fall in mass buying power and/or aggravated by overproduction in consumer goods, there also takes place a corresponding fall in the rate of profit in the civilian sector of the economy, with a consequent flight of investment capital to the war production industries where a guaranteed demand and an abnormally high rate of profit are assured for a period of time.

Thus, the present war boom is in great measure a consequence of this rush to invest new surplus capital, as well as to shift older capital values from the consumption to the armament production industries. It is this which has been and continues to be the *main* factor stimulating production this past year and which has thus far prevented the outbreak of an economic crash.

Statistically this is evident in the fact that in June, 1950, at the outbreak of the Korean War, industrial production stood at 199 of the 1935-39 average of 100, while a year later in June, 1951, it stood at 223. But how strong is the downward pull of over-production, accentuated by the curtailment of mass buying power, can be seen in the revealing fact that *despite* an all-time record of capital investments,* average monthly production for the past half-year has been at 219—four points below the post-Korea peak of last spring, and the same as for the first six months of 1951. It is this which has thrown cold chills down the spines of formerly optimistic economic observers.

Does this levelling off of production indicate evidence of an immediate economic crisis—*i.e.*, immediate in the sense of the next months? Certainly the vast accumulations of inventories on a retail, wholesale and manufacturers' level could lead one to assume so. Total inventories have reached an all-time peak of $70 billion. Manufacturers' inventories alone have jumped from a little below $30 billion in June, 1950 (at the outbreak of the Korean War), to well over $41 billion today. Retail and wholesale inventories also are well over those of June 1950, and have either not declined or barely declined in the past few months despite the drastic cuts in civilian production in 1951. These cuts amount to 25 percent in wool fabrics, 14 percent in rayons, 40 percent in television, 16 percent in radio, 15 percent in automobiles, etc.

However, one must counter-balance these with opposite factors at work. In the first place, new capital investments and renewal of old capital values continue at an exceedingly high rate—for the first quarter of 1952 even higher than in 1951, although even Truman's report forecasts a reduction in the rate of investment for 1952.

The decisive importance of capital investments in influencing the course of an economic cycle, was stressed by Karl Marx, who showed that:

> It [the developing economic crisis] becomes noticeable, not in the direct decrease of consumptive demand, not in the demand for individual consumption, but in the decrease of exchanges of capital for capital, of the reproductive process of capital. (*Capital* (Kerr), Vol. II, p. 87.)

The "decrease of exchanges of capital for capital," or to put it in other words, the decrease in the renewal of capital, already is very pronounced in the sector of the economy producing consumer goods. But an opposite trend has been artificially stimulated in the sector of the economy working on armament orders. Of course, at the rate at which both plant expansion and rationalization (speed-up) are taking place (stimulated by the tax-refund steal which enables corporations to pay only 18 cents on the dollar for the new plants and equipment), it will not be long before over-capacity has also gripped the war-production industries.

Another fact that bears on the economic perspectives for 1952 is that a

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* New capital investments totalled over $23 billion in 1951, more than 30 percent above the preceding year. Total domestic investments were $59 billion in 1951, as compared with $49 billion in 1950.

large proportion of the military funds appropriated during the past fiscal year have not yet been actually spent. In other words, industry has not been converted or expanded at anything near the pace of congressional appropriations of funds. Hence, armaments production has not yet reached its peak (even at the current level of military appropriations). The *U.S. News* of January 18th, estimates that of $130 billion already appropriated for armaments, only $38.5 billion have actually been spent. Thus, there are still $91.5 billion to be spent from the 1950 and 1951 appropriations—without regard to the new 1952 appropriations.

One of the reasons for the slowness in expenditures, as compared with appropriations, is that the first effect of the Korean War was not, as some would assume, a one-sided rush of capital to the war industries. While increased capital investments did flow to armament production, the most pronounced immediate reaction of Big Business was to "cash in" on the wave of scare-buying created by the fear of war shortages in the civilian market. This sellers' market soon ended, and in the middle of 1951, manufacturers suddenly awoke to the startling fact that inventories had been expanded to the bursting point. Since then we have been witnessing an opposite movement in the very same anarchic fashion. Yesterday, the King Midas worshipped by capital was the consumer market; today, it is the war goods market.

WHITHER THE WAR ECONOMY?

The present boom is entirely artificial and will last only so long as capital investments continue to pour into armament production. Further, the greater the volume with which capital flows in this direction, the faster it will spend itself. Hence, the question naturally arises: What then?

According to Truman the answer is simple. We'll "taper off," *i.e.*, the armament gallop will be reduced to a more leisurely trot. But this tapering off business is not as simple as it sounds. The very changes in the structure of the economy brought about by the wholesale shift of investment capital from civilian production to war production tend to become powerful objective forces pressing, not for a reduction of the tempo, but for its increase—for the transformation of the armament gallop into a mad war flight.

Why is this so? It is not only because to "taper off" means major dislocations and mass unemployment in the war production industries. It is also because—and this is far more important—the very burden of the war economy which is being placed on the backs of the masses tends to shrivel buying power, so that there is no inducement for capital to flow back to the consumer goods industries in large quantities, for these already face over-production (not because there is no need!—only because there is no effective demand!).

This is what Joseph Stalin meant when he said in 1939 that war economy results in "giving industry a one-sided war direction . . . restricting to the utmost the production and especially the sale of articles of general consumption—and, consequently reducing consumption of the population and confronting the country with an economic crisis." Stalin said this in describing Hitler's war economy. That is also true of Truman's, even if his is called "defense" economy.

That section of the bourgeoisie which believes that the war production tap can be turned down in a year or two at will, without dire economic consequences—in fact with a pent-up demand for consumer goods, is making an entirely false comparison between the war economy of World War II and the post-war boom that followed it, and the present quite different situation.

In 1945, American capital rushed to reconvert to civilian production so as to cash in most rapidly on a relatively immense world and national market for consumer and capital goods. In the world market, Big Business saw a golden opportunity to grab for itself the markets and sources of raw materials of its vanquished imperialist foes (Germany, Japan, Italy), as well as of its prostrated imperialist partners (Britain, France). Every major capitalist nation, with the single exception of the United States, was suffering from a crisis of under-production, for the war had exhausted their economies and wrought wholesale devastation on their productive capacities. This left a vacuum which American capitalism rushed to fill.

Today, in contrast, the problem in the capitalist countries is no longer that of under-production, but the danger of a crisis of overproduction. The only remaining untapped market for U.S. goods is the Soviet Union, China and the Peoples' Democracies, in which the threat of crises of overproduction has been removed forever, and where planned expanding economies can absorb great quantities of American goods. But to take advantage of this huge market requires an approach opposite to that of the present war drive and war preparations. It requires a policy based on peaceful co-existence and the arbitrary removal of every artificial barrier to trade and commerce between the world's two social systems, Socialism and capitalism.

Within the country, conditions likewise have changed. During the four years of American direct participation in the last war, a considerable curtailment in both the production and sale of consumer goods took place. This was particularly true of durable goods, such as autos, refrigerators, radios, television, farm implements, electrical appliances, plumbing and building materials, etc. Many of these were completely withdrawn from production and the market. This was necessitated by the scarcity of critical raw materials and a relative labor shortage. Thus, the accumulated purchasing power arose because demand exceeded supply and was further enhanced when prices were held in line after 1942.

Today, however, there are no real shortages of consumer goods. Despite the drastic cut-backs in production in 1951, the problem is still that of over-production. Reduced buying today therefore is due in the main to reduced demand, not reduced supply. Nor is it likely that any real shortages will develop. In fact, the effective market demand will remain even narrower than mass earnings, for the simple reason that a goodly chunk of 1952 wages will go to pay for goods bought on installment credit over the past few years and particularly during the scare-buying spree following the opening of the Korean hostilities. In 1943, during the war, installment credit went down to $2 billion and total consumer credit to $5.3 billion. In 1951, however, installment credit climbed up to over $13 billion and total consumer credit to $19.4 billion.

To top this, the already restricted purchasing power of the people is being further curtailed by the government's financial policy of placing the cost of the war economy on the backs of the common people. In contrast with World War II, which was financed in the main through borrowing, the present Korean war and armament program are being financed from current revenue, on a so-called "pay-as-you-go" basis. During the five-year period of 1941-45, only 33 percent of the budget came from current revenue. In 1952, on the other hand, 91 percent will be met by current taxes. Thus taxes are eating away more and more of wage earnings and middle-class income. The tax increase in 1951 raised taxes on low income groups by 17 percent —proportionally more than for any other groupings. And it is a poorly guarded secret that the only thing that may stave off another similar increase this year, is the approaching congressional election. This only means that much more will be asked for in 1953.

Furthermore, there is today no real attempt to hold the price line, nor can there be so long as the reduction of mass purchasing power is seen as a patriotic duty. Since Korea, retail prices have risen some 15 percent according to the even ultra-conservative estimates of the Bureau of Labor Statistics. And these price rises are of far greater significance than those that took place during World War II. We must remember that the period prior to that war was one of relative deflation, with prices still below the 1929 level. The Consumers' Price Index of the B.L.S. shows prices for the year 1929 at 122 of the 1935-39 average of 100. In 1939 when World War II began, it was 99, or 23 points below 1929. This jumped to 123 in 1943 and 128 in 1945, or still only slightly above the 1929 level. The real increases came only with the end of the war and the end of price control. Between August, 1945 and August, 1948 the cost of living rose by

35 percent or to 174 on the B.L.S. Index. The increase since Korea must therefore be seen as additional layers capping already formidable price peaks. Also, the B.L.S. Index, while notorious for its underestimation of the rise in the cost of living, does not even pretend to take into account the repeated rises in income and excise (sales) taxes, national, state and local.

Nor is it likely that the cost of living will decline in the period ahead. On the contrary, the whole trend is towards still further increases in living costs, despite the deflationary influence of overproduction in many consumer lines. At first sight it may appear paradoxical that prices should continue to rise side by side with overproduction in various consumer goods. But this only emphasizes a point made earlier; namely, that it is not the buying power of the masses which is the underlying cause for the present inflation. Its basic cause is the war economy—the fact that billions upon billions of dollars are being poured into the market, purchasing means of subsistence for the workers engaged in the war industries and the men in the armed forces, as well as buying immense quantities of raw materials and capital goods, that go to make up the tanks, planes, ships, guns and atom bomb. But while means of subsistence, raw materials and capital goods values are being constantly drawn out of the market, no equivalent commodity values are being returned to it. This is so because armament manufacture creates neither means of consumption nor means of production, but *only means of destruction.* It is this which explains the rise in prices and the general inflationary pressures.

In his writings on the effects of a prolonged period of turn-over of capital, *i.e.,* a period in which a considerable time-lag exists between the initial outlay of productive capital and the appearance of the finished product on the market, as for example in railroad construction, Karl Marx drew the conclusions that:

> In capitalist society, where social intelligence does not act until after the fact, great disturbances will and must occur under these circumstances.

And he elaborates:

> Since elements of productive capital are continually withdrawn from the market and only an equivalent in money is thrown on the market in their place, the demand of cash payers for products increases without supplying any elements for purchase. Hence a rise in prices, of means of production and of subsistence. To make matters worse, swindling operations are always carried on at this time, involving a transfer of great capitals. . . . So far as means of subsistence are concerned, it is true that agriculture is stimulated. . . . Furthermore, in those lines of business in which production may be rapidly increased, such as manufacture proper, mining, etc., the rise in prices causes a sudden expansion, which is soon followed by a collapse. The same effect is produced on the labor-market. . . . A

portion of the reserve army of laborers who kept wages down is absorbed. Wages rise everywhere, even in hitherto engaged parts of the labor-market. This lasts until the inevitable crash throws the reserve army of labor out of work, and wages are once more depressed to their minimum or below it (*Capital*, Vol. II, pp. 362-3).

How much more true is this of war economy where the time-lag is never made up, because no new values are actually created, only old values destroyed? For, despite Truman's ignorant boast about the "great gains in our basic economic strength," war economy is a huge parasitic monster, in whose maw more and more of national production is devoured. That is why Stalin was right when he pointed out that it is impossible to militarize a country and at the same time increase civilian production and consumption, build huge peace-time construction projects, and lower prices. The very fact that the Soviet Union is doing just these things is proof of her peaceful intentions and peace-time economy.

Applying Marx's statement to the present situation, one is moved to make at least three comments. 1) Real wages are not rising today, but falling, thanks to the invention of the wage-freeze and the treachery of capitalist-minded labor leaders.

2) Today, side by side with labor shortage in certain industries, we are witnessing a growing unemployment in others. The technological changes in industry since World War II and the growing speed-up, have helped increase labor productivity so rapidly that labor shortages actually exist in only a few industries and areas and for only a number of skilled occupations. At the same time, dislocations and overproduction have thrown tens of thousands out of work in the auto, textile, television, building-trades, radio, clothing, and other industries. In this the Negro workers are the hardest hit of all. Also hard hit are the women and youth, who are generally concentrated in the lighter industries. Thus, this, too, exerts an increasing downward pull on mass purchasing power.

3) As for Karl Marx's reference to speculation, swindling and corruption, he certainly would have called the bourgeoisie of his day honest by comparison, had he lived to see our modern swine wallowing in the bloody morass of war contracts and war profits.

THE REAL ALTERNATIVES

These are the facts. What do they prove?

They prove first that it is a delusion to believe that anything good can possibly come from the armament program. Even the fact that it has thus far prevented a major depression is not a plus, but a minus, for this was accomplished by generating a compression which is bound to explode with a hundred times greater force tomorrow.

But there are narrow-minded individuals who may say: "Let tomorrow take care of itself; all we are concerned with is today." To these we reply by asking: What about today? Who is paying for the war program? What is happening to living standards? To civil liberties? To our youth militarized by the millions? To the civil rights so frequently promised the Negro people? And yes, what about the dead in Korea?

The alternative before the American people is not war economy or dire economic crisis. This is only the alternative of Big Business. For the American people there is another alternative, a course which could have prevented for a time an economic crisis, without adding to explosive pressure. That would have been by spending $65 billion a year wiping out the slums of our cities; inaugurating great agricultural reforms to end share-cropping and tenant farming in the South; building thousands of roomy, sanitary schools for our children; ending the shameful shortage in hospital facilities, and granting substantial sums to science to defeat the dread diseases of cancer, polio and heart malady—instead of trying to finance this by charity collections; improving and extending our national system of highways; and in many other ways adding to the well-being of the American people.

That program, too, would have prevented the outbreak of an economic crisis for a period of time and it would have been a program in the interests of the people and of peace. It would have meant an expansion of the industries serving the needs of the people and not the goliath of war. Such a program, while far short of Socialism, would substantially benefit the vast mass of the American people.

Clearly such a program was not in the interests of the monopolists who seek the speediest and steepest enhancement of their profits and world domination through war. Moreover, such a program was not adopted because the people were not united and organized to carry it into life in the face of the opposition of the monopolists. Primarily to blame for this are the men who stand at the head of the C.I.O. and A. F. of L. and Railroad Brotherhoods. These, by their "me-too" policy towards the big capitalists, by their going along with the suicidal war program and war hysteria, sold out not only their own members, but the entire American people.

The facts prove further, that from an economic point of view, it is going now to be much more difficult to prevent the Scylla and Charybdis of either a ghastly war or a terrible economic crash. For the billionaires, reaping immense profits from war orders, are going to resist with all their might any policy of "tapering off." Already they are frightened to death that a cessation of hostilities in Korea may relax war tension, may reduce and even remove the war hysteria without which the American people would never have permitted themselves to be so hoodwinked.

The answer of the imperialists to the threat of economic crisis, will inevitably be, "Use the arms and armies." If they do not believe the moment ripe for all-out war, they will seek to employ their armament in "smaller" wars—ruthlessly devastating other lands as they have Korea.

Also borne out by the facts, is the conclusion that the period of time in which the question of war or peace is to be decided is relatively short. Official army and government spokesmen have talked of either 1953 or 1954 as being the year of decision. All this demonstrates how important is every minute of every day to save our country and our people from catastrophe.

And World War III can be prevented. American imperialism does not hold all the cards in its hands. In fact its hand is quite weak. All of its boasting of strength and "victories" is so much bluff—at which it has great talent. And the trump card, which is the great desire of the peoples of the world for peace, is playing against the imperialists, as logically it must.

All over the world the forces for peace are growing, affecting and in turn being affected by, the sharpening contradictions within the camp of the imperialist powers. In the United States, the warmongers are still having their own way in great measure, but their failures in foreign policy in both Asia and Europe and the mounting burdens of the war economy, are creating a growing doubt and division in the ranks of the people and even in capitalist circles.

The American people, like those throughout the world, want peace. Whenever given the opportunity they have expressed themselves for peace. But up to now they have not actively resisted the war program, for two reasons. First, because large numbers of them swallowed the Big Lie that the Soviet Union was the aggressor and wanted war and that the U.S. program was purely defensive. Second, that somehow the armaments program would bring all-around prosperity. The conditions are rapidly multiplying for undermining and destroying these illusions. From every side the American people will begin to see ever more clearly the blind alley into which the war policy has led them, the shallowness of war-boom "prosperity." It is our Party's great responsibility to help bring them more rapidly to that understanding.