

B U L L E T I N

Resolution On

THE POLITICAL SITUATION AND THE TASKS OF THE PARTY

Adopted by the National Committee of the  
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INTRODUCTION

Now in its fifth year the second world war has entered a new stage of development in which the industrial and military superiority of the Allies has forced Germany and Japan on the defensive and raised to the forefront the acute problems of joint Allied strategy for ending the war and emphasizing the peace. The growth and increased activity of the underground movements in German-occupied Europe, while resulting in the weakening of Hitler domination, has also multiplied the post-war problems of the Allies. The conflicting interests and plans of the American, British and Russian governments have become most prominent as the political problems are interwoven more intimately than ever before with the military problems.

However, despite German reversals, including the overthrow of Mussolini and the going over to the Allied Camp of Italy under Badoglio, the defeat of Germany and Japan is still far from achieved. Though the present war has already lasted longer than the war of 1914-1918. Fascist Germany and Japan are still powerful military states: and the big, decisive battles are yet to come. As the Allies prepare for and then open up the western front against Germany and launch the offensive against Japan, the masses of all countries will experience a new, more draconian period of "blood, sweat and toil". This is especially true of the coming impacts of the war on the people in the United States.

In order to work out a progressive program for working class action in the United States, in the direction of the revolutionary reconstruction of society on a socialist basis, it is necessary at this time to review the role and prospects of American capitalism in the war and post-war periods.

## AMERICAN IMPERIALISM

### 1.

The United States is today the dominant world political power. This new position is in marked contrast to its position in the first world war. At that time the political and military strategy of the war was determined by the Anglo-French imperialist allies. The United States played a subsidiary though important military role in the final months of the war. With the exception of shipping, American economy during that time, while organized on a war footing, did not contribute heavily to supplying military goods for the war itself. America's economic contribution to the Allies was in private bank loans and auxiliary materials (food, machinery, etc.) The real completion of the organization of the war economy did not take place until virtually the end of the war.

The sudden victory over Germany, following America's entry, found the United States the dominant capitalist economic power replacing England as the financial center of the world. It was transformed from a debtor nation to the world's largest creditor. Thus, this country became the first capitalist power which on the one hand exported more goods than it imported, and at the same time was a creditor nation.

Despite this dominant industrial and financial position, the ruling class lacked the political vision and program which would elevate it to the status in world politics corresponding to its economic power, as for example, in the case of British imperialism during the pre-1914 decades. This anomalous lag was due in the first place to the fact that the market potential for capitalist expansion at home was sufficient not only to absorb the increasing native capital accumulation, but also to provide, at the same time, markets for foreign investments (particularly British). American direct investments beyond its borders prior to 1914 was primarily in Latin America, in the Far East and in the Pacific Islands taken from Spain following the Spanish-American War; (In these instances, political, i.e., direct state intervention was intimately interwoven with these foreign investments). These factors, plus the geographic position, resulted in a mass ideology of political isolation permeating all classes.

The sudden transformation of the industrial and financial place of the U.S. in the world capitalism, found the politically inexperienced ruling class ideologically unprepared to become the direct politically dominant power in the world. So that in the last post-war period the relation of the U.S. to Europe and Asia was predominantly economic, i.e. in the form of direct trade investment, and loans. The political interventions in these areas that did follow from its economic course were sporadic improvisations, rather than acts resulting from a consciously developed and long-range policy.

This empirical improvised course of American capitalism in world politics was not only a hangover from its pre-war 1914 position in capitalism but was reinforced by the tremendous internal industrial expansion and the fabulous rise in immediate direct profits accruing to the capitalist class, particularly the big monopolies. It led to the paradoxical situation where-in the U.S., which exported more goods than it imported and was the creditor of virtually all the European powers, placed high tariffs on goods from these countries - i.e., made it impossible for them to continue buying from this country except through new loans, thus creating a vicious spiral which contributed heavily to the greatest economic collapse in capitalist history. The economic crisis which began in the U.S. in 1929 with the stock market crash, spread throughout the entire fabric of American and world economy.

This world crisis was not merely the usual cyclical crisis but a far more deep-going rupture of capitalist society which marked a new stage in the general decline of the social order; the U.S. which heretofore had been an exception, now became an integral part of declining world capitalism.

The crisis was fundamentally an expression of the historically outlived character of capitalist society. The expanding social productive forces came into conflict with the limited and restricting consuming power arising from the class nature of capitalism and its division into competing national states. The tremendous over-capacity of productive plant, especially in the U.S., and the existence of large surpluses in agricultural production and raw materials, created a long period of mass unemployment throughout the world, and resulted in a sharpened struggle between the main classes and within the ruling classes.

The universal breakdown of international economic relations - the collapse of world trade, the wholesale repudiation of debts, the destruction of the international gold standard and credit system - further intensified the economic decline in the separate countries and resulted in a social crisis of world capitalism.

The impact of the world crisis intensified the struggle of the classes in all countries. The ruling classes sought to resolve these sharp conflicts as a necessary preliminary step to solving the crises on an international scale. Two main policies were employed, one by the "rich" powers, the "have" imperialists (Great Britain and the U.S.) and the other by the "have-not" impoverished imperialists (Germany-Italy, etc.). In the former case, the bourgeoisie succeeded in establishing an alliance with a large section of the organized labor movement and neutralizing its struggle through reformist methods; in the other countries, endangered by proletarian revolution and continuous upheaval, the bourgeoisie resorted to Fascism totalitarianism, i.e. to naked violent rule.

Under these conditions, the imperialist states were compelled first to reorganize their national (or, in the case of Britain, its Empire) economies, in order to be in a better position to overcome the crisis by a new inter-imperialist struggle for foreign markets, for new fields of capital investments and trade. Thus, the breakdown of world capitalist economy forced these states toward concentration on the nationally limited economy over which they had direct political control (the tendency toward Autarchy).

This was demonstrated by the attempt of Britain to organize the Empire as an economic unit at the expense of the U.S. (Ottawa Conference, 1931), and strengthen its control over its European satellite states through the "sterling bloc", i.e. basing the monetary standard of these countries on the pound sterling instead of gold bullion. In Germany it was manifested by the coming to power of fascism and the reorganization of its national economy in preparation for a world expansion and for war. . The U.S. showed the same trend in the first period of the crisis through the adoption of the "New Deal," whose foreign economic policy, symbolized by the repudiation of the gold standard permitting the maximum control over the home market ( prices, gold imports and exports, etc.) by Washington.

Thus, the world economic crisis and the new economic course which it compelled the imperialist powers to take, increased the tendency towards the direct intervention of the state in the economy. The bourgeoisie was no longer able to solve these problems in the old way. The magnitude of the new problems required the intervention of a collective agency which would represent the total interests of the capitalist system, i.e. the long range interests of the capitalist class even at the expense of the immediate desires of this or that section of the ruling class. This was a partial recognition of the social character of the production which had already passed beyond the confines of capitalist private ownership and control.

### 3.

In the U.S., the bankers and industrialists appealed directly to President Roosevelt (1933) to save their bankrupt system; to prevent a rebellion of the masses in face of the inability of the ruling class to supply the workers and farmers with the necessities of life despite the tremendous productive capacity of the industrial plant. The New Deal sought to re-establish an equilibrium between production and consumption. Its professed aims were to increase the purchasing power of the workers and farmers and revive production up to the old levels. It endeavored to do this through relief and public works, minimum wages and hours for labor, subsidies and regulation to and regulation of private industries and banks, subsidies to the farmers to cut production so as to decrease the surplus agricultural produce on the market.

The New Deal Administration was essentially a bourgeois-labor reformist coalition, which sought to reconcile conflicting class interests.

In the first period of the New Deal, Big Business was placed in direct control of government regulation of industry through its complete domination of the National Industrial Recovery Boards (writing and administering its codes). This new form of collective control by the monopolists of industry though it succeeded in defending the profit interests of big business against "small" business, and sharpened the conflict between them, could not subordinate the individual interests of the big industrialists to that of the whole class. The failure of the NRA was manifested long before the Supreme Court declared it to be unconstitutional.

While the economy was revived from the low levels of the crisis, and profits were once again being realized, the New Deal failed in its aim of raising production to the level of 1929, or solving the problem of mass unemployment.

There was no "national" solution to these problems. They were compelled to seek its solution on the international arena. But before it could take this step a necessary partial revival was required. Then the main task of American capitalism was to try to bring order in the world as a prerequisite for its imperialist expansion. That is to say, to organize the world in such a way as to enable it to express its industrial and financial power. The main disorganizer of capitalist world relations was Fascist Germany, the "have-not" power at the close of the first world war, who, in turn, sought to organize the world under its own political and economic domination.

Similarly, in the Far East, Japan, whose imperialist expansion took place as an associate of Great Britain, was and continues to be the "disorganizer" of "peaceful" American economic penetration. In order to achieve its ambitions in the Far East, American imperialism must first defeat Japan. As a matter of fact, so important is this area to the future of American capitalism that a large and significant section of the ruling class regards it as an even more important front than Europe.

The rivalry between the U.S. and the British Empire, which was expressed in the sharp competition between the two powers in Latin America and in Europe, was reproduced in Asia. Confirmation of this fact is to be found in the open and tacit support which England gave to Japan in the latter's conflicts with the U.S. until the outbreak of the war. This policy on the part of Britain flowed from her determination to maintain and extend her own imperialist domination and her colonial possessions. However, the British Empire, threatened by the colonial masses whom it subjugated, and by German and Japanese imperialism, could only be maintained through a military alliance with the U.S. The Anglo-American conflicts, though continuing in various ways up to and in the war, were subordinated to the common need to defeat the "have not" powers which sought to drive both out of Europe and Asia.

The rivalries and conflicts in Europe and Asia are similarly reproduced in Latin America, the backyard of American imperialism. Following the last world war, the U.S. replaced Great Britain as the dominant power in South America, a position which it has considerably strengthened since the outbreak of the present war.

Canada has been drawn closer to the sphere of American imperialism and further from the sphere of British imperialism in this war than in the first world war. Britain's island bases in the West Atlantic are already shared on such equal basis, and for the first time in history, by the U.S. Even before the U.S. entered the war, and especially since its entry, the economy of the Latin American countries has become more and more dependent upon the U.S. - likewise their political regimes and their military establishments. Japan, Italy and Germany have, of course, been ousted from almost every nook and cranny of Latin American life, thus removing three of the most important rivals of American imperialism. England continues to fight a losing battle in the last of its Latin American strongholds, especially in the Argentine. The naked fact of the tightening grip of American imperialism upon the economic life of the Latin American countries is thinly veiled under the "Good Neighbor Policy" which cleverly exploits the democratic aspirations and the anti-fascist sentiments of the Latin American peoples for the purpose of extending the sway of American imperialism all over the western hemisphere. Consequently, the main aim of American imperialism in the war is world domination through the establishment of international order by means of inter-state institutions under its control. This in turn will require the use of military and political means in the post-war period, the extent and type of which will depend upon the concrete social conditions in the different countries following the war.

4.

The American War Economy

Under the conditions of modern total war which requires the complete mobilization of all phases of the life of the warring country, the outstanding feature is the state-direction and control over the entire economy. Thus, in the U.S. growth of state-directed capitalism under the Roosevelt regime, made imperative by the bankruptcy of the entire system, was tremendously increased as the country became organized on the basis of a war economy.

Planning for war lead to state direction of capital accumulation and control over the allocation of the productive resources of the country, material and human. In the interests of capitalist society at war, the profit motive of the private capitalists had to be integrated with the needs of war itself. The state, therefore, decides how much and what type of war goods must be produced; how much and what type of civilian goods are to be manufactured. The production of

consumer goods are subordinated to the output of war goods. Through price controls, forced savings, taxation, loans, priorities, labor freezing and control, the Roosevelt government seeks to achieve a balance between production and consumption in such a way as to get the maximum materials for war and the absolute minimum consumer goods necessary to maintain the population. The state direction of the economy has resulted in unparalleled growth of the productive plant and in the output of planes, ships and munitions.

The war economy of state-directed capitalism has resulted in changes in the relations within the capitalist class. Accompanying the wholesale bankruptcy of small manufacturers and tracts in large corporations, the curtailment of consumer goods production, and the draft of men for the armed forces), the big industrialists have increased their domination of the national economy and their position in the state. Once again reaping fabulous profits, they have launched a planned campaign for the ousting of the New Deal bureaucracy from control of the state production by big business men. With the aid of the representatives of the big farmers and the southern Democrats they have won their victories over the New Deal bureaucracy built up for over a decade by Roosevelt. The President himself, conscious of the need of big business support in the war effort and also looking ahead toward the 1944 Presidential elections, has given increasing support to the right wing, pro-big business section of his coalition Administration. (Represented by Jesse Jones). The plan of the big industrialists for direct control of the war economy also has in view the problems of post-war U.S.; Who will own the government-built plants and facilities? How will the tremendous post-war stockpile of war goods be disposed of? What will happen to the government-controlled merchant marine and airplanes? In a word: who will control the post-war economy and determine the internal policies of the country and therefore its foreign economic and political course!

The New Deal bureaucrats and a small section of the capitalists, who believe that the old structure of private monopoly capitalism cannot solve the domestic or international economic problems of the United States, favor a strengthening of state-directed capitalism as a long-range program.

The dominant section of the big industrialists, while accepting the fact that the government will have to continue a number of the "emergency" measures of the war economy into the post-war period, are for the establishment of their own control of the state direction during this period and its telescoping of a brief interim stage. They look forward to the time when once again the state will only supplement their own direct economic operation of the economy and their international relations, (and intervene only in periods of crises).

Their fear of state-directed capitalism in "peace-time" flows from the danger that under the democratic forms of government now prevailing in the United States, the other classes



the working classes, the farmers, the small business men, all look to the state to help them against big business. The demand of these classes that the state take the responsibility for full employment, for the revival and expansion of small business, and for raising the living standards of the farmers, will inevitably increase manifold in the post war period. For the big industrialists, increased growth of state-directed capitalism within the framework of bourgeois democracy means permanent uncertainty as to future developments and therefore interferes with their own long range plans.

The conflict between the New Deal bureaucracy and the big industrialists and bankers is graphically symbolized by their differences on the proposed plans for International Currency Stabilization and inter-government international bank for capital investments and loans. The New Deal bureaucracy aims to establish an international managed currency (dominated by the dollar) and administered through an inter-governmental institution; and an inter-governmental international bank for capital and loans; which means a strengthening of the state-directed capitalism both at home and abroad. The big industrialists and bankers, however, want the minimum of state interference in money manipulations (within the country and internationally) - since this means state control of the economy - and direct dealings with other countries through their own corporations, banks and economic institutions. That is why they favor a return to the gold standard for the dollar and as the standard of international money; and a privately owned international bank for capital investment and loans. The interstate economic institutions, according to this plan, would exist merely to aid this main course.

These industrialists and bankers, like the New Deal bureaucrats, are anti-isolationist, "international-minded". But on the economic field, they are for their own bank of internationalism: a type of monopoly capitalist control which the New Deal bureaucrats hold cannot meet the new problems raised up by the present decay stage of capitalist development.

Another section of the ruling class, represented most vocally by McCormick of the Chicago Tribune and including in its retinue the American Firsters (Gerald K. Smith), Coughlin, the KKK, favors a program of "nationalism", i.e. political isolation from Europe and concentration of exploitation of Latin America and the Far East.

This reactionary bloc includes the most blatant anti-labor, anti-Negro, anti-semitic program and is the rallying center for the future development of a mass fascist movement in this country. At present, while this grouping is active and growing particularly in the Middle West and its influence has been expressed by the widespread growth of anti-semitism and violent actions against the Negroes in various cities, (Detroit, Beaumont, Texas etc.) it is supported by only a small section of the big capitalists and has little influence in Washington or in national politics.

However, in the post war period, a long stage of capitalist crises - mass unemployment, further impoverishment of the middle classes, discontent within the ruling class itself - will undoubtedly mean the growth of this movement and bring a more intimate connection between it and influential sections of big business. The fate of this movement is therefore intimately bound up with the further development of the impacts of the war economy and with the fate of post-war American capitalism.

Above all, the future of an American fascist movement which may attract large numbers of the demobilized soldiers and sailors, depends upon the political development of the working class.

From the moment that the war broke out, steps were taken to convert the U.S. into an arsenal for the Allies. This process was further speeded up with the fall of France in June 1940. So that at the time of Pearl Harbor, and the American military entry into the war, plans were extended for a complete conversion of the economy to a war basis. This time America's allies were dependent upon the U.S. for planes, tanks, munitions, ships, as well as food and clothing. The U.S. undertook to supply these needs and simultaneously to equip an armed force of over ten million (in contrast to four million in 1917-18).

With great difficulty, and in face of the initial reluctance of Big Business to reorganize industry in the common interest of capitalism, and American war economy advanced rapidly.

The unprecedented demands of the global war for heavy materials of destruction had an immediate and direct effect upon the whole system. Production leaped upward at an unbelievable rate. The great pre-war problems of unemployment, capacity utilization of industrial plant, increasing production absolutely, raising foreign and domestic capital investments and trade, while lowering and finally eliminating the costs of the crisis, were guaranteed to be temporarily solved, for the duration of the war period, when German imperialism invaded Poland.

In 1939, the first rises in the economic indices were to be noted; since then production has continued upward at a recordbreaking rate. The basic industries now work at capacity or near-capacity. This rise in production absorbed the millions of unemployed. Unemployment has now reached the lowest point in American history, since the 800,000 jobless is regarded as less than "normal." In contrast to the virtual elimination of unemployment, the numbers of employed workers had risen to 42,000,000 in 1940 and to an estimated 62,000,000 at the end of 1943 (including the armed forces.)

This expansion of production which ended unemployment and brought about a corresponding absolute growth of the pro-

letariat, was accompanied by a change in the character of production from that of producer and consumer goods for a peacetime economy to a continually increasing production of war goods. At the present the entire national economy is based on this production of war goods.

In 1940, the record American peacetime year, production which reached the high yearly income level of one hundred million dollars, was still largely in durable and consumer peacetime commodities, with only two billion dollars, or 1/50% in war goods. At the end of almost three years since 1940, production measured in terms of national income will reach an estimated \$155,000,000,000 of which \$85,000,000,000 or 40 times that of 1940, will go into the production of war goods. This change in the character of production will reduce available consumer goods by twenty-eight billions of dollars, creating an immeasurably more difficult situation for the mass of workers which must bring with it political developments of increasing importance.

Through the lend-lease system, the state supervises the distribution of war goods and becomes the instrument through which the vast foreign trade of the country now passes. Even before the war, the acute international situation compelled a greater and greater intervention of the state in the field of foreign political and economic relations. Lend-lease is a governmental affair; it has become chief means by which loans travel from this country to the Allies. The debts of the latter are now directly owed to the state. This, too, is in sharp contrast to the last war when the immense loans made to the Allies came principally from private bankers and industrialists (J.P. Morgan & Co.).

So vast are the requirements of war, that the construction of new plants for old industries and the construction of new plants for new types of industries were essential to the prosecution of the conflict. The construction of these new plants, mounting to billions of dollars, was accomplished by the state, and where private industry engaged in plant expansion, there too, it was primarily through loans from the state.

The war brought to an end the domestic reformist course of the New Deal. The social reforms of the earlier period were frozen in such a manner that the War Labor Board became the arbiter which has final powers to set aside collective bargaining agreements and to determine the conditions of labor of the working class (wages, hours, union shop).

The new role of the state in this war has been accompanied by the passage of subtle totalitarian measures, which while they have not touched on the more prominent and spectacular forms of civil liberties, have been extremely effective on the economic field. Here the totalitarian direction has been unmistakable and are reflected in Congressional anti-labor legislation, the no-strike pledge, the War Labor Board,

the wage freeze and the hold-the-line order, and the direct interference in the affairs of the labor movement by the state and even more dangerously by the President, as the personification of the state.

The degree of totalitarian development has depended and will continue to depend on the military stages in the war, (victory, difficult struggle and defeat) and the degree to which the labor movement is prepared to carry on the struggle against the ruling class. Up to now, the ruling regime has utilized only such measures which have been required by it to realize its needs in mobilizing the country for war. But the next stage in the war and the post-war problems are growing increasingly acute and these are in turn reflected by the increasing totalitarian direction of the Roosevelt regime.

The greater the intervention of the state in the economic process the more difficult will it become for it to appear as "above the classes;" the more openly will its bourgeois character be made plain to the broad masses. The process which is developing in the midst of the war will become more clear with each passing month. For already, America's military, political, economic and social policies have become unmistakably more reactionary.

War production has demanded more drastic controls over the working class and these were gradually attained with the aid of a reactionary labor officialdom, tied to the Administration. But the outstanding counteracting force to the reactionary turn at home is the militant spirit and will to struggle of the American working class. In this, it is carrying on the tradition which made possible the foundation of the new trade union movement based upon industrial organization; the CIO. The existence of this kind of movement has created a base for working class struggles of incalculable importance.

The extreme dissatisfaction of the masses who bear the main burdens of the war at the same time that they observe the enrichment of the capitalist class, is expressed in strikes, sit-downs, in violation of pledges given the state by their craven leadership, slowdowns, opposition to speedup "incentive" schemes. The absence of a mass and strong revolutionary party, added to the existence of a reactionary labor leadership, has prevented the political organization of the American working class and the maximum expression of its opposition to the ruling class and its Washington Administration.

The aforementioned dissatisfaction of the masses was given living expression in the heroic miners' strike. This significant struggle in face of the united and ferocious opposition of the reactionary ruling class, the New Dealers, their liberal hangers-on and the Stalinists, coupled with the extreme restlessness of the working class and its various sections, especially the Negroes, chafing under the conditions of the war, and resisting, now openly now covertly, the eco-

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nomic measures of the ruling class, represents first sign of a decisive break in the Roosevelt-labor bloc. The recent union conventions, where reactionary labor leaders succeeded in forcing their class-collaborationist policies down the throats of the workers in reality concealed the deep ferment in the ranks of labor. Thus, the first evidence of a schism between Roosevelt and labor which came with the defection of Lewis in the elections of 1940, has grown wider at its base than at the top, (but it is definitely here and destined to become wider.)

A definitive break with Roosevelt is an indispensable step for the future political development of the American workers. It will mark a tremendous step forward only provided it does not take the form of support to the Republican Party under the leadership of Willkie or some other liberal and provided it does take the positive form of independent political action of the working class through its own political party.

The movement for an independent political party of labor has had its periodic ebbs and flows. Its need is not only urged by the development of the class struggle and class relations in America, but the increasing intervention of the state in the economic process will make all the clearer to the working class the bourgeois character of that organ. It will demonstrate that the great needs of the masses will have to be achieved in a combined economic and political struggle against the bosses in the factory and the bosses in the government.

It is not only a question whether the objective situation is ripe for such a political development; it is a matter of necessity that for its own self-defense and progressive development the working class make a definitive political break with bourgeois politics and embark on an independent road. Thus, the organization of an independent labor party and the agitation for such a movement is the prime political task of the revolutionary party. Such a development of the working class will aid their revolutionary political development and advance the struggle for socialism.

There have been unmistakable signs of the growth of tendencies among the masses toward independent political action. These tendencies arise out of the intensification of the economic lot of the workers and object lessons they have received from congress and the Administration.

The Workers Party must therefore adopt as its main political strategy, the campaign for a labor party. The campaign for a labor party requires not only the merciless exposure of the capitalist class, its Administration in Washington, its lackeys in the labor movement, but especially the Stalinist movement. Stalinism is not classic social patriotism; it is "social patriotism" based upon the state power of the Russian bureaucracy. But it is all the more dangerous be-

cause of the revolutionary tradition which is associated with the Russian Revolution and the Communist International, and the revolutionary phraseology which it employs in its propaganda and agitation. On every sector of the class struggle, the working class and its most revolutionary sections meet the traitorous activity of Stalinism. The struggle against Stalinism is again indicated by the fact that it has become the most reactionary section of the labor movement.

The situation within the labor movement, however, is extremely unstable. The sharp inner conflicts of a divided mass union movement, is made more confusing by the fact that the present exponent of militant labor action, is the politically reactionary John L. Lewis. He expresses in sharpest form the general political backwardness of the working class but with this difference, the ranks of labor show signs of progressive political development, whereas he, like the rest of the labor officialdom, remains stagnant. The progressive political development of the workers cannot and will not take place without their progressive union development, i.e. the adoption of a militant, progressive, class struggle union policy. The main problem in the union movement, and the main task of the union militants, is the organization of a national progressive union group within all labor organizations, the internationals, as well as the locals.

The break in the Roosevelt front is not confined to the labor movement. The liberals and intellectuals, once the most solid support of the New Deal, are sharply dividing themselves over future support of Roosevelt. The public support given to Willkie, who does not differ fundamentally with Roosevelt on the main aim of American world domination, but who appears to be more liberal on the home front, (since he is a contender for power!), is both significant and symptomatic. The liberals have been frightened and are aghast at the sharp right turn of the Roosevelt regime, but unable to break with bourgeois democracy, a section of them turn to Willkie, while the rest continue to hang on to Roosevelt with pleas for his reformation.

The reactionary course adopted by Roosevelt was given further concrete expression by the dissolution of the Board of Economic Warfare under the leadership of Wallace and the support given by the President to Hull over Welles in the State Department quarrels. These quarrels over foreign policy, however, are not the result of personalities, but reflect the true character of American foreign policy which does not coincide with the fancied opinions held of it by the liberal world. The dissolution of the BEW saw its replacement by the FEA. In other words, it meant a strengthening of the processes already discussed.

The aforementioned conflicts arise not out of differences with the new course of American imperialism, or on the role of the state in this new development. It reflects the acceptance of this new course by a decisive section of the bourgeoisie, which proposes to participate in this development and direct it in its own class interests.

THE COMING CRISIS IN THE U.S.

The United States is heading towards an economic crisis in the post war period that will be more catastrophic and more far-reaching in its social consequences than it has experienced at any time in its history. The gigantic problems of post-war reconversion of the economy and social life of the country will find the antagonistic classes more conscious of their particular interests and better organized to defend them. Above all, this will be the case on the one hand, with the big industrialists and bankers, and on the other, the working class organized through their powerful unions. In addition, the millions of demobilized men and women of the armed forces - yesterday's "lost generation" - will demand jobs and decent living standards and will be determined to enforce their demands. And the mass of the middle classes, crushed by the war and the big monopolies, will put forward their own program for their rehabilitation and security. Post-war United States will be a period of great social turbulence and sharp class strife.

Already the immense wartime construction of new industrial plants and the expansion of the key, machine-tool industry have reached their peak. In view of the stupendous productive capacity of the economy, the expansion of war production for the duration will be by means of the exploitation of labor. In the post war period reconversion of the economy will mean that the pre-war chronic mass unemployment will once again plague the United States; this time it threatens to be far more widespread in view of the greatly augmented productive plant capacity and labor force.

The economic collapse will be accompanied by mass migrations of workers from the war "boom", over-populated areas of the country, thus further disorganizing the economy and the social life of the country.

The large potential consumer demand due to war-time postponement of purchases (the unavailability of these goods during the war) and the existence of vast savings by the people (in the form of war bonds and bank deposits) even if increased by soldiers' bonuses, social security payments and relief can only mean a brief spurt in the production of civilian goods.

In the face of the tremendous productive capacity of American industry and the increased labor productivity, this purchasing power will be completely inadequate to stimulate significantly (after retooling) production in the decisive, heavy, capital goods industries; or compensate for the inevitably sharp declines and therefore mass unemployment and decrease of purchasing power, in aircraft, shipbuilding, and munitions production.

Even the "consumer boom" will require a preliminary

period of reconversion and readjustment; a period whose length will depend among other factors upon the future developments of the war and the war economy and the time relation between the end of the war in Europe and in the Pacific and Far East. In any event, many of the wartime governmental controls of the economy and new forms of government intervention will be imperative in the post war period if the inevitable crisis is not to lead to complete economic and social chaos.

In the post-war period, therefore, each group in American society will look to the state to intervene in its own behalf. The big monopolists will continue their war-time course in the new period. They will seek to strengthen their domination of government policies and boards and completely replace the New Deal bureaucracy as the directors and managers of the state. They will seek an early return to the direct control of the economy by the private monopolist corporations and banking houses; the scrapping or retiring of some government-owned plants and the sale of the rest to them; the abolition or sharp decrease of all taxes on corporations and the reduction of tax rates on the higher bracket incomes; early lifting of wartime government control measures; the early return to a free gold standard of money with ownership of gold by the private banks; the emasculation of the social legislation adopted in the last decade.

All these policies are national aspects of the general program of the big monopolists for extending their domination throughout the world by the means of their own private institutions, aided by the U.S. government and any inter-governmental bodies that may be set up.

The wealthy capitalists who do not belong to the monopolist group of the ruling class and the middle layer of manufacturers, wholesalers and retailers will demand that the state protect them against the big monopolies; sell the government-owned plants and stockpile of goods to them; give them subsidies and loans; enforce the anti-trust laws; reduce their tax rates; protect them against the unions and the "high" labor standards established during the war by modifying or abolishing some of the existing social legislation.

The middle classes, the really small business man, the bankrupt shop keepers and the self-employed professionals, who have been thrown out of business by the war economy and the draft for the armed forces will demand state aid to re-establish their old positions and create conditions favorable to them.

The farmers likewise will demand that the state guarantee their continued prosperous development through price parities between agricultural and industrial products and subsidies and loans.

The workers and the demobilized men and women of the armed forces will demand that the government which was able to provide full employment during the war must also assure a job and decent living standard for all after the war. T h c y



will demand that the young people today in the armed forces and in industry who were taken out of the schools be given government aid to permit them to continue their formal education; and that this aid also be extended to all youth.

The workers do not and will not expect that the individual capitalists and corporations will be able to cope with the problem of post-war mass unemployment. The pent-up discontent of the workers with their present working and living conditions, now controlled because of the war and the "no-strike" policy of the union leadership, will be further increased by the mass unemployment and the well-organized offensive of the capitalists against their unions; and against the wage standards and working conditions of the employed workers.

### POST-WAR PROSPECTS OF AMERICAN CAPITALISM

The fate of the United States in the post-war period will depend upon its ability to organize the world. America's role in the present war has destroyed isolationism as the dominant policy of American capitalism. Henceforth the foreign policy of the ruling class will be interventionist. The insistence on all sides (Sumner Welles, Wendell Willkie, Eric Johnston) that "the era of imperialism is past" is an expression of the ruling class for a different type of imperialism. On the one hand, it is an attack on British, French and Dutch colonial empires, with a view toward American participation in their exploitation, and on the other hand, an expression of the fact that American capitalism cannot at this late stage of history repeat the course of the old imperialism, i.e. convert large areas of the world into its own direct colonial empire, maintained through military and political domination. Further, due to the industrial and financial superiority of the United States over its rivals the open door policy is the most advantageous course.

This policy is also dictated by the need to win the support of the colonial bourgeoisie and masses, who hate the imperialisms which now rule over them and who seek national independence.

To achieve and maintain an "open door policy," the United States has become and will seek to retain its position as the leading naval, and air power in the world, with far-flung bases on the seven seas and the five continents. The contraction of the world due to the phenomenal development of aviation has further strengthened potentialities of the industrially powerful United States to enforce such a course.

However, the United States is in the paradoxical position - similar to the position it has been in since the last war but now far more acutely - of being at one and the same time the world's leading industrial country whose exports exceed its imports and the greatest creditor nation; in addition, it

owns about three-fourths of the world's monetary gold. This has led and will continue to lead to a chronic disequilibrium in foreign trade in favor of the United States and disrupts harmonious international relations.

To solve these problems, the United States must take the lead in establishing international institutions, political and economic, under its direction to control the world economy; revival of the national economies in the devastated areas; the organization of a stable international monetary system and credit facilities and provisions for loans and capital investments. The formation of these institutions, the precise character of which is as yet undetermined, is now the subject of sharp conflict within the Allied camp (between England and America; between these countries and Russia; and between the big powers and the exile governments); and within the ruling class of Britain and the United States. Whatever the character of these institutions, they will be unable to solve the contradictions between the imperialist powers or establish a progressively developing world capitalist society. Through these means, the United States at best may be able to postpone for a brief time, the inevitable consequences of its imperialist paradox.

The United States will endeavor to revive European production through loans and capital investments but American economy will soon find that the goods produced in Europe are competitive products and, therefore, the basis for the repayment of these loans, which must ultimately be in goods and services will be non-existent.

But even for such a development, American imperialism will find tremendous obstacles. First of all, political and social order must be established on a basis favorable to the Allies. In face of the expropriation of the national capitalist classes and the scrambling of property rights in occupied Europe by fascist Germany, the masses will demand collective ownership of what remains of these industries, i.e. drive toward socialism. The Allies, in turn, will come into conflict with this program, as they seek to re-establish the power of the dispossessed national bourgeoisies.

## A LABOR PARTY AND A WORKERS' GOVERNMENT

The working class of the United States faces the gravest responsibilities in its history. Already it is compelled to meet the offensive against its economic standards and its political rights which American capitalism has launched in the very midst of the war. Tomorrow it will be faced with the crisis of the post-war period and the life-and-death problems that the crisis will pose. Powerful though it is, the United States cannot escape the mounting effects of the general decay of world capitalism. All it can hope to accomplish, is to delay the appearance of the more malevolent of these effects, but even then only by accelerating their advent in other countries; to mitigate the violence with which they strike the country, but only by increasing the ruinousness of the coming crisis in other lands. Sooner or later, less violently at first or more violently, the fury of the fundamental crisis of decay will nevertheless be felt in the United States. No country today can escape making the basic choice of society - barbarism or socialism. At best, it can postpone the decision.

The development of a new barbarism is most spectacularly visible in the triumph of Fascism in Germany and its works, both before and during the war. But this development is inherent not in the mythical "Aryanism" of the Germans, nor in their equally mythical "racial soul," it is a product of capitalism at a certain stage of its evolution, or rather, of its decline. If the United States is not the very next in order after Germany, it is, nevertheless - barring the victory of socialism - somewhere on the list.

The decay of capitalism into a new barbarism simply means an unprecedentedly intensive exploitation and disfranchisement of the working class, mass suffering unknown in modern times, and permanent war interrupted only by short periods of truce. The long-lasting crisis of 1929 and the devastating war that began in 1939 are only harbingers of what decaying capitalism has in store for society.

The American working class, by and large, has lost its confidence in the ability of the ruling class to establish a peaceful, secure, orderly and prosperous regime after the war. It greets all the wordy but hollow "post-war plans" for social and economic stabilization and reconstruction put forward by the defenders of the old order with the skepticism and even cynicism which they merit. However, while its faith in the old has waned considerably, even if not with a fully conscious understanding of why there is no longer any reason for this lack of confidence, the working class in the United States has not yet acquired either understanding of or confidence in a new, or socialist, order.

In a word, the American working class is most inadequately situated at the present time to meet the deepening crisis.

Between its state of economic organization and its state of political organization and class consciousness, there is today a more striking contrast than ever before, and this at a time when the contrast jeopardizes its whole future.

In the trade-union field, the American working class is today better and more numerously organized than ever in its history, or even in the history of the international working class. There are now almost thirteen million workers organized in the trade-union movement. This is not only more than there have ever been, but the type and composition of its organization is more significant and promising than ever before. Not only are almost half the trade unionists in the country organized for the first time on an industrial basis, but they cover industries which were citadels of open-shoppism in the past -- the basic, key, heavy, mass-production industries. The tone of the labor movement in this country is set today not so much by the "aristocracy of labor," the highly-skilled and highly-paid craftsmen, but by the most important and basic sections of the American proletariat.

From the standpoint of organization, and even more important, from the standpoint of militancy and determination to safeguard their economic standards regardless of any other consideration, including demagogical appeals directed to them about the "war for democracy," the American workers are today undoubtedly the vanguard of the international working class.

On the political field, however, the American working class only brings up the rear. In no important country of the world is labor without a mass party of its own, and even in the countries ruled by reactionary dictatorships there are hundreds of thousands of workers who feel an allegiance to the old working class parties that are now outlawed. The outstanding exception is the United States.

In the United States, the masses continue to follow the political path of bourgeois reformism, exemplified by Rooseveltian New Dealism. If they lock upon it today, in the light of bitter experiences, with reserve and with greater skepticism and even disillusionment, the modifications in their attitude have not yet expressed themselves in a mass movement for a party and a program of their own. The parties that stand openly on the program of revolutionary socialism are still a tiny minority of the working class; the proponents of a Labor party with a reformist program are not organized and are themselves a small minority; and even such timid steps in the direction of independent political organization as the formation of the ALP in New York represents are not only far, far from adequate but are still isolated phenomena standing on the platform of the "New Deal."

This does not signify that the working class is politically content. In the very nature of the situation in the United States today, where economic and political institutions, economic and political life, are so closely, if not inseparably intertwined, every important economic struggle of the workers is at the same time a political struggle. Like all other classes, the American proletariat, too, looks more and more to the government in negotiating or solving its economic problems and less and less to the individual employer. The increase of governmental intervention and direct participation in every sphere of economic life, and in social life in general, is calculated to heighten the political consciousness of the American worker to an ever greater extent. The more openly class character of the government's intervention in economic and social life, is calculated to heighten the class consciousness of the American worker.

However, the growth of the class consciousness and independent political organization and activity of the working class is not automatically and arithmetically guaranteed by economic and political activities of the capitalist class or its regime. The political thinking, organizing and action of the American workers must be stimulated and promoted inside the labor movement itself on the basis of both the needs and the experiences of the working class.

These experiences and needs make the formation of an independent working-class party in the United States the problem of the day that most urgently demands solution. The formation of a Labor party is the most important forward step that the working class can take today in this country. That makes the struggle for a Labor party the most important and most urgent political task of the revolutionary vanguard.

The workers today cannot give political leadership to the widespread discontentment of the people today. In the absence of a radically different and progressive working-class party, the masses have no alternative to Rooseveltism except political indifference or the time-worn American practice of punishing the Democratic incumbent by voting for the Republican aspirant (and vice versa).

The working class will be unable to maintain itself politically, much less rally the masses of the people in general, in the big crisis of tomorrow, if it does not have a party of its own with a bold program for the solution of the crisis at the expense of the monopoly-capitalist minority. In the absence of such a party, which offers a progressive alternative to the "status quo," the masses of the people, the lower middle-classes in town and country, that enormously important section of the people that will be represented by the homecoming war veterans, and even large sections of the working class itself - all these will tend to accept a reactionary alternative and fall victim to the social demagogy of this or that fascist or semi-fascist clique.

Even now, millions hope for, and tomorrow will be ready to fight for what they vaguely call a "change." In the post-war crisis, they will number tens of millions. The bourgeois-reformist politicians to whom labor is now attached will seek to maintain, more or less, the status quo - that is, precisely the situation which generated the crisis as well as the demand for a "change." If labor then tries to maintain the un-maintainable status quo by remaining the tail of a bourgeois political kite, it will easily fall as the victim of those who exploit the popular demand for a "change" for reactionary and anti-working class purposes. If labor puts forward, on the contrary, a bold political program for social reorganization in behalf of all the "little people," it can crush the reaction and move to the leadership of the country with the support of the masses.

The organization of a Labor party by the powerful trade-union movement would be an immense step forward by the American working class - its declaration of political independence, its most important proclamation hitherto of its separation from capitalist politics and capitalist political parties. However, this step would be vitiated in the long run and the working class doomed to defeat if the program of such a party (and correspondingly, its leadership) were imbued with the reformist conceptions,

platforms and practises which have paralyzed the traditional parties of the working class in other countries and brought about such disasters in many. To be effective in the highest degree, an independent labor party must not take capitalism as its basis and seek to hold it together with repairs at this or that point. It must rather put forward such a program as disregards entirely the interests of capitalism and the class which is its beneficiary, disregards entirely the "sacred right of private property" which is only the right of the monopoly capitalists and imperialists to exploit and oppress the masses, and directs itself exclusively to defending and promoting the class interests of the proletariat and those sections of society who are its allies in the struggle against the monopolists and their reaction.

The Workers Party which vigorously and assiduously champions the formation of an independent labor party as a great historical advance by the U.S. working class is a party of revolutionary socialism and internationalism, and consequently an intransigent opponent of social-reformism in all its varieties. While urging the formation of an independent labor party based on the trade unions and democratically controlled by them, it nevertheless counterposes to the adoption or retention of a reformist program and a reformist leadership by such a party, the adoption of a militant, bold working-class program of struggle against the capitalist offensive, the capitalist class and capitalism itself, with the aim of raising labor to the position of ruler of the country in a Workers' Government. The Workers Party thus distinguishes itself from all other parties and groups in the working class not only by its fundamental program of revolutionary socialism, but also by the program for immediate political action which it advocates for the working class and by the militancy of the struggle it carries on for it.

It is difficult to indicate concretely the prospects for the formation of a Labor party in the United States or the stages through which it will pass.

The lesser likelihood is that the working class, in breaking with the bourgeois parties and developing their independent political class consciousness, will move directly to affiliation with or support of a revolutionary socialist organization such as the Workers Party. The main task of an organization like the Workers Party is to help develop the class and revolutionary consciousness of the proletariat. At the present time, in this country, the first step in fulfilling this task is the work and fight for independent political organization and action by labor. In advocating the formation of a Labor party, the Workers Party, far from diminishing its own significance as a consistently revolutionary proletarian organization, can only enhance it, and draw into its own ranks those workers who reach agreement with its program not only in the written word but also in the deed.

It is more likely that the first steps in political and class consciousness will be taken by American labor in forming a Labor party. At the present time, the overwhelming majority of the labor officialdom, its Stalinist wing prominently and viciously among them, is opposed to the formation of a Labor party and seeks to keep labor tied to the wagon wheels of capitalist politics. The fight for a labor party thus becomes at the same time a fight to expose the labor lieutenants of the capitalist class.

It is even possible that the labor leadership will remain stubbornly and stupidly opposed to the formation of a labor party even in the turbulent days of crisis ahead, opposed even to the formation of a thoroughly reformist party which is strictly under their control. Their efforts to liquidate or at least to deepen the paralysis of even such a caricature of an independent working-class political party as the ALP show how strong is this possibility.

In such a case, the movement for independent political action would not be stopped cold, but would merely take on different forms. Given the continued opposition to a labor party by the trade-union bureaucracy, it is possible that such a party would come into existence "from below," as a result of a powerful political upsurge in the ranks sweeping over the heads of the official leadership, and throwing up a new leadership, at least in part. That is, a development might take place in the political field with the rank-and-file upsurge that produced the mass unions of the CIO.

However, there is greater reason to believe that the sharpening of class antagonism in the country will generate enough pressure upon at least a section of the labor bureaucracy to impel it to take the leadership of an independent labor political party lest the movement of the masses "get out of hand." Such a prospect is not immediately in sight, that is to say, not before the 1944 elections. But the declining ability of the remnants of "New Dealism" to give any serious concessions to labor, or even to the labor officialdom, is a factor that will impel the labor movement, from bottom to top, to seek more radical means of wresting concessions from the government. More radical means can only signify the formation of an independent political party of labor, or at least the first hesitant, timid, half-way steps in that direction, upon the model of the New York ALP, whose leaders are already engaged in initial, if not very bold, attempts to spread their organization to other states.

Finally, it is possible that the prospects of an independent labor party will be thwarted, at least for a time, by the subversion of the movement into a middleclass "third party." This was the case in 1924, when LaFollettism absorbed and destroyed the Labor party movement. However, it should be borne in mind that by 1924, the first big post-war crisis had come to an end and the "prosperity period" was setting in. There is no realistic similar prospect ahead. The United States faces not another "prosperity period" but another crisis in the midst of another world crisis. While the danger of "third partyism" undoubtedly threatens the incipient labor party, it has neither the strength nor the prospects it had twenty years ago.

In any case, the revolutionary vanguard cannot and does not content itself with passive contemplation of prospects and possibilities from the sidelines. It is its duty to participate in the struggle and help direct the course of events. To direct them in a forward direction, which means in the general direction of the socialist power of the proletariat, means, concretely, now, in the United States, to concentrate and centralize all political agitation, propaganda and activity around the slogan of a Labor party and a Workers' Government. A Labor Party as a radical break with the parties of capitalism; a Workers' Government as a radical break with the rule of capitalism.

That the workers will conceive these two ideas in a reformist manner, that they will think of realizing them by reformist means (that is, without a fundamental and revolutionary assault upon capitalist class rule) -- that is the greater probability, above all in the first period of the struggle. Nothing could be more "natural," for that matter. This concerns the Workers Party only insofar as it means that at each stage of the struggle it must put forward such demands, such a program, such a road, as will help bring the working class and its party into clearer and more conscious conflict with its class enemy, as will help them shed their reformist illusions, as will help them, through their own concrete experiences, understand the need for the final struggle for power and the socialist reorganization of society.

As part of its campaign for a Labor Party, the Workers Party therefore puts forward from the very beginning a minimum program as its proposal for the program that an effective and militant working-class party should adopt. Even if, as is most probable, the coming Labor Party does not adopt such a militant program, the Workers Party, while giving full support to all the practical activities of the Labor Party and those who are working to form it and build it, will reserve the right to present its criticism of the program that the Labor Party has adopted and the leadership that represents it, and the right to continue urging upon the party the program which it, the Workers Party, considers suitable and necessary in dealing with the social problems facing the working class.

The Workers Party as a consistent revolutionary socialist organization thus not only maintains the organizational and political independence which are indispensable to its proper and effective functioning, but remains an advanced but inseparable part of the working class movement, distinguished from its other sections only by its uncompromising opposition to capitalism and all its supporters and by its unequivocal support of both the immediate interests of the working class and its socialist future.



1. In the next period, the campaign for a Labor Party must become the main propaganda and agitational activity of the Party. The agitation for the labor party must be systematically pursued by the Party press in conformity with the decision of the plenum and in line with the general Party program and aims. This agitation for the labor party must become a foremost activity of the trade union and industrial Party workers.

2. The Party must concentrate its chief mass work in the trade union movement with the aim of building overall progressive groups composed of militant and progressive workers, and also local officials who stand on the progressive program.

In general, these progressive groups should have as their minimum program: support for a labor party and a break with Roosevelt and the capitalist parties; regaining labor's independence, its economic and political rights (right to strike, etc.); opposition to Stalinism and the class collaborationist bureaucracy.

From the standpoint of party recruitment, the progressive groups are the most fruitful field for party work and the source of new members.

3. Recruitment of new members must be the main activity of the party. This activity must become the daily occupation of every member of the party. Recruitment must be organized, systematically planned and directed by the National Committee.

a) Nothing in our Party program prevents the recruitment of "raw" workers who are in favor of the class struggle. Most party members, in their minds, at least, set standards for new members that are too high. Acceptance of the program of Labor Action is an adequate basis for Party membership. New members can best be educated inside the Party. Fears that this will water down the political calibre of the party must be relentlessly eliminated from the party mind. We are not dealing with conscious Stalinists or conscious Mensheviks. We are dealing with "raw" militants. Where our stringent financial requirements might constitute a barrier to these workers, especially those with families, all necessary adjustments must be made to facilitate recruitment.

Special attention must be paid to this point: Where new and inexperienced members are brought into a branch, the older, better educated members must be exceedingly careful in the conduct of branches not to create an atmosphere in which the new member feels "alien", "inferior," and "inadequate." In other words, an atmosphere which promptly drives him from the party.

The attitude and conduct of party members must be such that efforts are directed to keeping the new members whom they recruit and to develop them politically.

The press must be imbued with the recruiting spirit throughout its pages and in addition, must have a special section devoted to it.

b) In the next period our concentration on LA must be not so much in the direction of increasing its circulation as to stabilize that which we have, i.e., to secure subscriptions and steady readers, thereby reducing the proportions of the indiscriminate circulation.

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There must be a systematization of the LA circulation into readers, sympathizers, contacts and party prospects, so that the party knows exactly what its circulation means and can utilize it most effectively for Party recruitment.

c) The party must issue pamphlets on the Labor Party, on Russia, fascism, the war, and recruitment pamphlets based on the party program. In addition, the party must issue a basic booklet on the fundamental program of the party.

Special attention must be paid, by means of pamphlets specifically devoted to the subject, to counteracting Stalinist propaganda among the advanced workers. The pamphlets must be written in such a manner as will most effectively approach the rank and file Stalinists, Stalinist sympathizers, and those of our own who are influenced to one degree or another by the Stalinist propaganda.

d) To assure keeping new members, ABC classes must be organized systematically in every branch for the new members, with additional "refresher" classes for the older members, using the basic party outlines.

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