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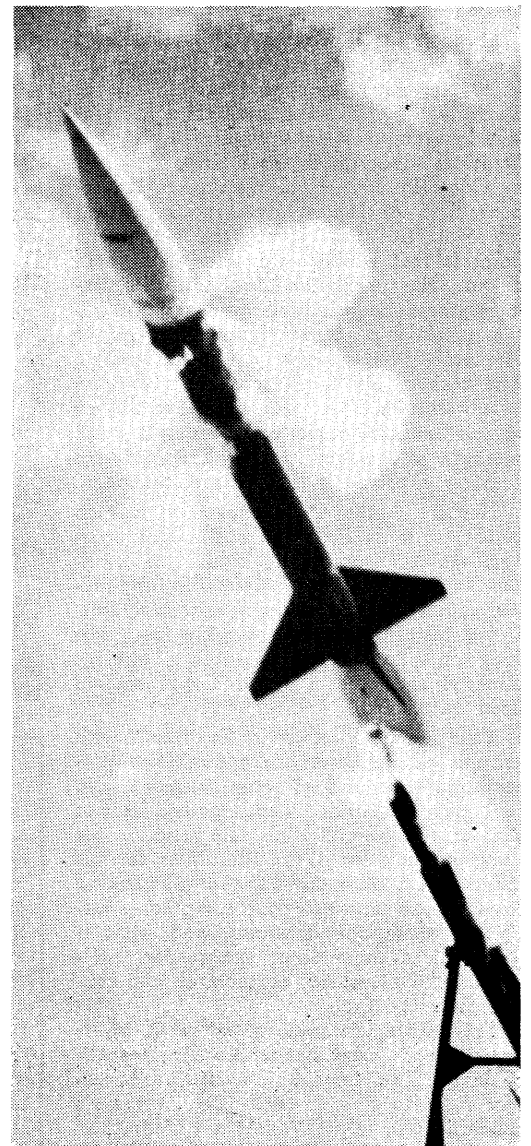
DECEMBER 1957

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**U. S. Socialism
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BRAZIL:

Anatomy of a Have-Not Nation

LETTERS TO THE EDITOR

Hungary Review

It is characteristic of human progress that the enmity between branches of a movement becomes repeatedly more bitter than the fundamental differences between progress and reaction. This is what is happening between socialists today. The Soviet Union is a great socialist country, the first and most successful of our era. Many persons within and without the Soviet Union have voiced honest and valid criticism of the Union—of its methods and mistakes. But does this fact justify an attitude toward the Soviet Union and its followers more condemnatory than their attitude toward reactionary Fascism which still rules the United States and the Western world?

My point is illustrated by the review of Herbert Aptheker's study of Hungary in your November number ["Look Back at Hungary," by Shane Mage]. The happenings in Hungary were complicated and difficult to understand; they have resulted in wide differences in interpretation. It happens that Aptheker's conclusions confirm my own. But that is not the point; the point is that whether we agree with them or not, the possibility of honest disagreement must be admitted, and particularly the scholarship, courage, and integrity of Herbert Aptheker ought not to be assailed just because his conclusions are not those of the editors of the *American Socialist* or of the unknown reviewer who employs the methods of a blatherskite and not the courtesy expected in scientific discussion.

Herbert Aptheker is known as a man of careful scholarship and unflinching courage. He has continually risked his livelihood and reputation by defending unpopular causes and correcting deliberately distorted history with unanswerable facts. His judgments have human fallibility, but his honesty and careful research has seldom been questioned.

Your review, however, is filled with charges of deliberate deception. His presentation is accused of being "studded with foul punches." His "basic method is not that of a historian"; "his sole criterion for using a quotation is its usefulness for his case; if it is factually false or dubious or from an untrustworthy source, Aptheker disregards these considerations, and what is worse hides them from the reader." His account "is one-sided, exaggerated and misinterprets the facts."

This characterization of a great, courageous, and accurate scholar is beneath contempt. The *American Socialist* has a perfect right to disagree with Dr. Aptheker's conclusions or anyone's else; to question the validity of his authorities; to present other and contradicting theories; but you cannot, with any regard to decency, publicly call a man a liar and a fool, when he has given

his life to the same cause of socialism which you profess to follow, however much you may differ in method. Is it inevitable that Moslem creeds, Christian sects, and socialist party differences must involve methods of hatred and contempt which are absent in the main battle between Progress and Reaction?

W. E. B. Du Bois *New York*

The six-page review of my book "The Truth About Hungary" appearing in your November issue has no relationship to that work's contents. I ask only that those who read the so-called review will also read the book. To do this it is necessary to correct the information the review provided as to its publisher and price; this also was given falsely. The publisher is Mainstream Publishers, not International; there is a paper-bound edition at \$2.

I notice you state the reviewer is young. On the basis of his youth, I almost find it possible to forgive him for his repeated personal insults and insistent traducing of my own integrity as a scholar. I assume the editor cannot plead youth in defense of such abominable habits.

Herbert Aptheker *New York*

[Mr. Aptheker is correct in his statement that his book was published by Mainstream Publishers, and not by International Publishers, as we had inadvertently printed. He is also correct, we must assume, in his announcement that a paper-bound edition of the book can be obtained for \$2. It is rather tell-tale, however, that beyond conveying these two pieces of information, he has not found additional space in his letter to answer one single proposition of Shane Mage's devastating analysis of his book printed in our November issue. The fact of the matter is that Mr. Aptheker has been accused of falsifying the evidence, with

a considerable amount of factual material adduced to back up the charge. This calls for a reasoned reply to the points made. It will not do to answer by pouting, standing on one's dignity, and claiming that one has been insulted.—Ed.]

Thank you for that excellent and devastating review of Herbert Aptheker's Stalinist hack job. Until the American Left stops believing such illogical tripe as Aptheker's, we are still juveniles. I have just finished reading another book by the same title, "The Truth About Hungary," written by Soviet journalists and published in Moscow. This book admits that Kadar opposed any political activity by the workers' councils, even pro-socialist activity. It also admits that the councils were advocating socialism, but claims without proof that they were *secretly* against socialism!

Rev. H. Weston Lynn

State Ownership

I pretty much agree with your analysis of *The New Class* insofar as the writing is water-logged and that it's all been said before and better. Your point that the concentration of both economic and political power in the hands of a new exploiting elite leaves "advanced socialists in Western Europe" in a serious dilemma since that is more or less what they advocate in calling for state ownership is a good one. However, your "either . . . Western imperialism . . . or a world-wide Stalinist ice age . . ." dichotomy does not necessarily follow.

First of all, let us assume the truth of the Djlilas hypothesis, though its author may not have done the best of all possible work on the subject. You assume the Soviet bureaucracy to be a "transient mutation." Transiency, however, does assume some ending, just as degeneration assumes an eventual finale. The Soviet transiency and degeneration, however, seems to be consistently regenerating itself and the Soviet ruling class blushes with good health. Furthermore, it seems the height of unwarranted

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The Balance of Power

THE sputniks have had a delayed reaction. After the first week of bravado when assorted spokesmen assured the public that "it don't mean a thing," stark fear began spreading throughout the higher echelons of our society and is gradually communicating itself to the people below. Not after the Nazi conquest of France, not after the disaster at Pearl Harbor, has any comparable fright gripped our national leaders. And yet, there is undoubted merit in Eisenhower's asseveration that the United States still retains the upper hand in military striking power with its four hundred bases ringing the Soviet Union, its superior strategic bombing fleets, its assortment of intermediate range missiles and its larger nuclear bomb reserves. Of course, the sputniks are proof that the Russians have got the big rockets, which we haven't, but the surmise is probably right that having successfully tested them but three months ago, they cannot have very many on hand, that it will be some time before the weapon becomes operational.

Why then the panic? Why has Macmillan rushed post-haste to Washington and why is Eisenhower going over to Europe to grace the gathering of the NATO clans? Why has the titular leader of the opposition been called into the administration councils? And why does Luce—of the late American Century—seek to don the garb of a latter-day Paul Revere and run a spread for his six million *Life* readers entitled, "Arguing the Case For Being Panicky"? Why have our responsible king-makers and opinion-formers lost their aplomb?

The crisis goes deep and is compounded of military-diplomatic and sociological elements.

ON the first count: Wernher Von Braun, who built the V-2 for

Hitler and is now probably our top missile expert, says it will take five years for the United States to catch up with Russia in missile work. Even more optimistic estimates range from three to two years. The military balance has consequently changed abruptly to America's disadvantage even if it has not swung over to Russia's side. The intricate system of alliances on which rests our far-flung network of four hundred bases has heretofore been grounded on America's presumed ability to pulverize Russia before the latter could get into a position to exact equal revenge upon the European and Asian allies (with the United States itself, for all decisive purposes, out of reach).

The new military breakthrough means that the Soviets have the ability to knock out most of the bases with their intermediate range missiles before a lot of the planes can even get off the ground and that at the same time, with the intercontinental missiles, they can get at the United States, the arsenal and workshop of the whole Western shooting match. Even when this country finally gets its ICBM's, it will simply equalize the capacity of the two powers to hit each other; other things being equal, the kind of military supremacy the United States enjoyed



from 1946 to 1953 will probably never recur. In the past few years, many of this country's allies grew restive as they started to question the military assumptions underlying the cold war. With the new hardware, the United States is up against the dilemma that some of these allies may seek to break away as they conclude that greater safety can be attained through neutralization. All it will take is one major withdrawal from NATO to bring this country's Holy Alliance crashing to the ground. Even with the military facade unbroken, the new military balance is already doing its work in the Near East and the rest of the uncommitted world, disrupting State Department projects and humiliating its diplomats. The *pukha sahib* days are over.

The sociological figure in the equation is even more distressing than the military. If the Russians had beaten us to the long-range rockets simply by a fluke, there would be no reason for concern. This country, with better than two to three times Russia's production, with two and a half times the labor productivity, could easily redress the balance by concentrating special effort on the particular sector that had fallen behind. In the darkest days of the second World War, when the United States was facing enemies far better armed than itself both in the East and West, this country's leaders never lost their supreme confidence that they would win. It was unquestioned writ that this country's pre-eminent industrial machine would triumph in the end, that nobody could compete with American technological proficiency and economic prowess, and that these would have the last word on the battlefields. Both the first and second world wars vindicated the gospel. But now a little mouse of a doubt has crept into the minds of America's mighty that the Russians may have a system that is more dynamic than its own.

That is not the way they put it in newspapers, or over the airwaves, or maybe even in the privacy of their own chambers. They talk of dictatorship being more effective than democracy, thus further poisoning and beclouding a public mind that is already neurotic and disoriented, and thus subtly preparing it for dictatorial incursions at home. Actually, the uncontrolled dic-

tatorship and excessive bureaucracy is the wasteful, the inefficient, the weak side of the Soviet system. Its strength is the nationalization of the economy and its socialized operation in accordance with a plan on behalf of the nation. By the same token, the weakness of the United States is not its democracy (if it were, McCarthyism would have immeasurably strengthened this nation) but that its vast economic structure is parcelled out among several dozen financial and industrial empires and run for their private aggrandizement without reference to the common welfare.

AS everyone is by now aware, to have shot the moons into outer space the Russians had to have intercontinental rockets, and to have shot an object as heavy as the second sputnik to a height of better than a thousand miles, they had to use a new more volatile rocket fuel than any this country has developed. Such an achievement presupposes an advanced scientific community, an ultra-modern technological and engineering establishment, a smoothly functioning industrial complex involving the effective cooperation of many laboratories and factories. Tracing the proposition further back why a country still far behind the United States came in first in the missiles race, our investigators had to point out that the Russians were turning out far more scientists and technicians than this country, that the Russians were directing huge assets into their educational efforts while the United States was skimping on education. Digging a layer further, we came straight to the disparate social mores of the two countries: that Russians respect knowledge and honor men of learning, while in the American Way of Life, the man of learning is a slightly pathetic outsider and that above all else we respect money and honor the people who have it.

Now that it is official that we are in trouble, the proposals are coming in from all sides how to straighten ourselves out. Dr. Rabi urges more generous scholarship grants. Von Braun says to pay the scientists more money. Labor Secretary Mitchell wants more direction of students as to what fields to enter. The first fruits of the scare have been to send more missiles to

Europe, more equipment to our bases, and to step up the arms race. Of course, the first set of proposals are all strictly palliatives, and pouring more money into the military labyrinth has the same effect as running faster on a treadmill of increasing velocity. It can be assumed that the United States, with its vast reserves of technology and wealth, will in the next few years come up with its own long-range rockets, and if it stays scared long enough, will direct enough monies into educational channels to produce more scientists. But such administrative rectifications, crash programs, and shoring up of the quaking diplomatic structure, will not affect the essence of the difficulty, namely, that the Soviet system is advancing at a more rapid rate than America's private enterprise system, and that sooner or later, be it in three or four decades, must surpass it, and shift the balance of world power.

A NUMBER of socialist observers reflecting upon these trends have concluded that the competition between these two social systems is the key to social change under capitalism, some going so far as to consider it the motor force that has replaced the old class struggle. That Western capitalism, confronting a hostile social system embracing a third of humanity, is up against entirely novel pressures and complications that are bound to affect its policies and twist its course, is incontestable, taken as a general proposition. To have any operational value, however, the theme has to be driven through to more specific planes, else it remains little more than a bit of journalese.

The idea is sometimes carelessly combined with the notion of peaceful co-existence. But the two are distinct concepts. Peaceful co-existence is a political slogan signifying that the two systems should not have recourse to war, a call upon the two blocs to compromise their differences to avert the danger of a world catastrophe. Some even give the demand an implication (which we don't agree with) that the world should be divided into two imperial spheres each policed by one of the two super-powers. If we look at the matter as analysts, not as propagandists, we will have to admit that there has been no peaceful co-existence for the past

ten years, and so far as the naked eye can observe, there will be none for the next ten, either; that even if agreements are reached, they will be but interludes between phases of the cold war. What there probably will be is co-existence, as a nuclear world war appears to be too risky for either side; plenty of competition, as the recent events underline; and a continuing costly arms race punctured by threats and occasional localized outbursts.

It has been stated that as the United States finds that with its present structure, policies and methods, it cannot compete successfully in the race, it will be forced to introduce drastic changes; some, again, going so far as to suggest that this is the specific American way in which we will get socialism, or a reasonable facsimile thereof. To get this proposition to qualify as a theoretical projection, it has to be brought down to earth by trying to answer these questions: what changes have to be introduced; how are they going to be introduced; who is going to do the introducing?

IF we find that the rate of American growth is dangerously lagging behind the Russian rate, can we conceive of a Republican or Democratic government nationalizing sectors of industry and capital investment in order to ensure expansion? If we find that Russia is successfully elbowing this country aside among the under-developed countries and that private capital is unequal to the assignment, can we conceive of a Republican or Democratic government nationalizing foreign investment and helping to industrialize the economies of these countries? If the United States gets into a serious depression, can we conceive of a Republican or Democratic government taking over sections of industry and operating them as state enterprises? We ask these questions because we take it for granted that the rate of growth of the last decade cannot be appreciably augmented under this privately owned and operated capitalist economy; that private investment cannot do the job in the under-developed part of the world, motivated as it is by imperialist considerations, and operating under the handicap of embattled nationalisms; and that the innate tendency of capitalism to boom

and bust cycles cannot be eliminated by monetary tinkering or public works, though these can ameliorate a depression and shorten its duration. If we don't think a Republican or Democratic government is capable of putting through such drastic changes, can we see a popular wave of discontent putting into office a labor-liberal government of Hubert Humphrey-Paul Douglas-Chester Bowles-Walter Reuther, which would proceed to inaugurate this kind of measures? Or, can we envisage the sweeping away of the practicing politicians and elevation of a dictator who will get on with the job?

We don't want to get dogmatic in answering these questions, or to arbitrarily set limits as to how far a capitalist government can or cannot go in effecting drastic reforms. We are aware that there have been ruling classes in the past, who faced with mortal danger from the outside, drove through structural changes in order to save themselves from destruction. The 1868 revolution-from-the-top in Japan known as the Meiji restoration put power in the hands of *samurai* Westernizers who proceeded through bureaucratic arrangements to abolish feudalism and convert Japan into a quasi-modern industrial state. In a different situation, the *Junkers* in Germany who had broken up the Frankfurt democratic parliament in 1849 proceeded two decades later under Bismarck to come to terms with their upper bourgeoisie and consummate German unification under Prussian aegis.

There are no similar examples—thus far, at any rate—of such transformations under capitalism. The ruling classes of both Britain and France, up against the loss of the juiciest portions of their empires and facing bankruptcy at home, cling obdurately to their alliance with the United States and hang on greedily to their ancient privileges. It is undeniable that it was easier for ruling groups to switch from one form of private property (feudal) to another form of private property (capitalist) than it is for capitalists to switch to non-private nationalized property in the commanding heights of an economy. No one can state categorically that some top accommodations will not take place in the future, but it is



clear that the danger to the capitalists, either internal or external, will have to be over-riding and palpable before any such drastic shifts are considered. It is equally clear that this country—the citadel of world capitalism—is a long way from such a crisis, and for a lot of reasons it is questionable that the ruling class here is destined to produce an American Bismarck or Prince Ito. In any case, the question is too speculative to come within the purview of political analysis.

IF we may draw our own political horoscope for nothing more ambitious than the next decade, we would say that the shape of things to come in America is a continued march toward the permanent war state, with its proliferation of bureaucratism and its implied tendency toward police statism. Every ruling elite, when engaged in pulling up the drawbridges and posting armed sentries on the watchtowers against the force without, shows little patience with critics, kickers, and re-

formers within its own fortifications. The American plutocracy will tend to act as the British Tories acted when facing Napoleon across the channel. Dulles reacted with a true class reflex to the sputnik when he opined that the people would have to “give up small marginal freedoms.” It was the threat of an antagonistic social system on the outside which made possible McCarthyism in the first place, and despite the present and coming respites, there will be a continuing tendency to revert to repression to forestall any opposition to the Warfare State.

We envisage the deepening of the existing trend toward state regulation of the economy in the interests of military preparedness, and the possibility of a partial nationalization of foreign investment by means of enlarged government loans and grants to purchase the support of uncommitted nations. These measures of capitalist statification, instead of signifying steps toward socialism, will spell further infiltration of the corporate cliques into the upper government bureaucracy and the division of the government into veritable corporate spheres of influence and preserves. Our decision-makers will seek to meet the competition of the Russians, which is very real and already making itself felt in the international and military spheres, with increasing statization makeshifts and dictatorial encroachments. (Russia is too backward in living and political standards to have direct appeal to any sizable body of Americans. It will be many years before the Soviet system looks good to the man in the street.)

We see cutting across this trend, however, a popular uneasiness about militarism and regimentation which at a certain stage will hook on to some social strength when the labor unions are forced to battle for their legal rights and living standards. This inchoate opposition will become transformed into a political force when economic troubles and discontents change the political climate and gather a mass following behind the platform of a more comprehensive new deal. Which trend will be dominant no one can say, but we believe that because of the clash the next decade will be closer to the thirties in social turbulence than to the past decade of unthinking goose-stepping and smug conformity.

What can government do in a depression? Idle men and resources were put to useful work during our last depression, in an important experiment soon halted by the pressure of business interests.

Experiment in Sanity

By Reuben Borough

IN August, 1934, in the nation's worst depression, the EPIC movement, headed by Upton Sinclair, novelist and social propagandist, "captured" California's Democratic Party in the state primary and nominated Sinclair for governor. Though beaten in the final election by a concentration of corruption and terror, Sinclair polled nearly 900,000 votes, trailing the Republican winner, Governor Frank F. Merriam, by less than 250,000.

This spectacular bid for power was made on Sinclair's program to "end poverty in California" (EPIC), specifically aimed at wiping out unemployment. Against a background of a million jobless workers in the state and 16 million in the nation, Sinclair proposed that the state open up California's idle factories and idle farms to idle and destitute people and let them produce their necessities. He called it "production for use" as distinguished from "production for profit."

From the beginning of the EPIC campaign it was apparent that Sinclair had no monopoly on his specific remedy for unemployment. A "side economy" of "production for use" had been the boasted motivation of Los Angeles County's "self-help co-operatives" in their reach for the unconsumed food surpluses of abandoned agricultural fields. And now—in sharp contrast to the savage opposition of organized corporate business and its politicians—plans for parallel projects were forthcoming from local government officials, some of the community's leading industrialists, and the federal government itself.

Said Gordon L. McDonough, at the present time a Republican Congressman from California, then a member of the Los Angeles County Board of Supervisors, and before that a top official of the Los Angeles Chamber of

Commerce: "It is the only sensible course. Yes, the self-help system I have in mind would closely approximate Upton Sinclair's EPIC Plan. . . . The present system of relief cannot continue much longer." From three spokesmen for the private-enterprise "power trust" came a report embodying a carefully elaborated "production-for-use" plan which in other times would have been spurned as preposterous but which was seriously received by the "Citizens Committee on County Welfare," an over-all advisory body composed of high-ranking Los Angeles industrialists, merchants and public officials. Signers of this astounding document were: the Los Angeles Gas and Electric Corporation's executive engineer and vice-president, H. L. Masser; the same company's general superintendent, W. M. Henderson; and the Southern California Edison Company's vice-president, W. J. McCullough. Their detailed proposals included:

Subsidy from public taxes for a new co-operative order in which the unemployed would turn out goods and services for themselves. Government to back existing co-operatives of the unemployed in facilitating the exchange of labor for surplus crops and milk, cheese, bread, fish, and other food supplies.

Government to provide, for "occupant workers" and their families, "large permanent community farms for the production of milk, eggs, hogs, and small animals."

Government to provide funds for rental of farm lands, purchase of seeds, irrigation water, implements.

Government to equip the co-operatives with bakeries and encourage food canning and food drying through "nominal grants" for the purchase of needed machinery.

Government to institute production of clothing by the unemployed for their own use, under arrangement with owners of operating factories.

Government to assure "reasonable" office, store room, and commissary facilities at the co-operatives' unit headquarters.

Subject to "organized supervision," the co-operatives to "conduct their own affairs in a democratic manner."

THese concessions from the dissenters in the House of Representatives were exuberantly paraded in the columns of the Sinclair campaign organ, the *EPIC News*. They showed a tactical split in the inner ranks of Big Business. These gentlemen were certainly not with Sinclair in his ultimate socialist objective. But, for the time being at least, they accepted his major finding against capitalism in distress. They saw clearly that it was impossible for the private-



Mr. Borough was editor of Upton Sinclair's EPIC News.



enterprise system, operating at its then low level of national wealth production, adequately to feed, clothe, and shelter the unemployed through taxation.

Then came the grand confirmation from Washington, D. C. The New Deal spoke through President Franklin Delano Roosevelt: "We are concerned with more than mere subtraction and division. We are concerned with the multiplication of wealth through co-operative action—wealth in which all can share."

By early 1934, events were rapidly shaping in Washington. Harry L. Hopkins, Federal Emergency Relief Administrator, publicly rejected the dole and its leaf-raking substitutes. Appropriate administrative divisions of the federal government were granted basic "socialist powers" by Congress and subsequent executive or departmental orders. Hopkins' own Federal Emergency Relief Administration was authorized to grant federal funds to "self-help and barter associations composed of needy unemployed"—the hundreds of co-operatives which jobless workers had set up for themselves across the country. The Federal Subsistence Corporation was authorized to "build and operate factories; construct and own any subsistence homestead and all appurtenances; buy, construct and operate mines; buy, construct, and operate industries, power plants, farms, commercial establishments, parks, and forests." The Public Works Emergency Housing Corporation was authorized to "buy, sell, and make building materials and supplies; build, construct and maintain or operate any structure; condemn real or personal property; deal in stocks, mortgages, and other securities; borrow money."

WASHINGTON'S amazing embryo social experimentation fell into two broad categories: projects directly operated by federal and state agencies and the government-subsidized colonies and co-operatives of the unemployed. The former reached out into the field of industrial production and processing. The latter were basically confined to activities of the subsistence farm type. In either case there was no direct competition with private enterprise through sale of product in the open market.

Prominent in the first group was the state of Texas,

with its nineteen packing plants, which in a single year employed nine thousand persons and slaughtered 21,000 cattle to feed the unemployed. Spurred by this development, Georgia announced plans for from fifteen to twenty similar projects. Iowa prepared to throw 23 widely scattered plants into production: fifteen for the slaughter and canning of beef and eight for the manufacture of mattresses.

In the meat processing, cattle—and later, hogs—purchased through the federal government's Surplus Commodity Corporation were to be used. Six hundred fifty cattle were to be slaughtered daily, with canning output reaching one million cans a month. Opening of plants for the manufacture of furniture and work clothing was on schedule. Exchange of surpluses of the above products for the surpluses of the Federal Emergency Relief Administration in other states was contemplated.

Under federal subsidy, Massachusetts took over two idle underwear plants and began making clothing for the unemployed. Manufacture of shoes was under consideration. Arkansas was getting ready to operate "production-for-use" saw mills. Opening of a government tannery in Springfield, Missouri, was announced in September 1934, by the federal relief projects directors. It employed eight experienced tanners with fifty helpers. From the thousands of hides stored in government slaughter houses in the capital city, young calf hides were selected for tanning and made into jackets for Federal Emergency Relief Administration workers.

Unperturbed by the clash of EPIC and anti-EPIC forces, the Federal Emergency Relief Administration in California held out for a "constructive" program. Mattress and clothing factories were established at San Bernardino and plans were publicized for cannery, toy, and agricultural projects to meet the needs of 35,000 persons on relief in San Bernardino County.

In October, 1934, the state of Ohio launched full-scale into federally financed "constructive relief," widely advertised as the "Ohio Plan." To meet the needs of one million unemployed in the state's population of six and a half million the Ohio Relief Production Units, Inc., a state relief commission set-up, began operation of plants turning out suits, chairs, stockings, overalls, shirts, and chinaware. According to manager Boyd Fisher, the state looked forward to inter-state exchange of goods produced by the unemployed to fill the gaps in the Ohio range of production.

MOST challenging of these federally financed "side-economy" experiments, perhaps, was that announced by the District of Columbia for the "rehabilitation" of the district's 80,000 economic and social exiles. The plan as outlined by District Commissioner George E. Allen would embrace a network of farm colonies in near-by Maryland and Virginia and transfer to them thousands of unemployed, who would grow the food supply for Washington's relief roll. In addition, it would establish non-profit factories in which other thousands of the unemployed would produce all the bedding, all the clothing and other necessities of life for the relief roll. Distribution of these products would be through a city-wide chain

of stores which would give the relief farmers and factory workers scrip for their wares, which scrip would be honored as pay for any article on the stores' shelves.

This "drastic economic experiment, designed to eliminate poverty throughout the nation," said the Washington, D. C., *Herald*, was to be tried first in the nation's capital because of the "Administration's desire to watch its progress in microscopic detail." If the experiment proved successful, according to the *Herald*, it would be extended throughout the country "in an attempt to make self-sustaining every one of the twenty million persons now on national relief rolls who is physically and mentally capable of earning his own bread."

Strictly speaking, the workers in the federal and state projects of the Federal Emergency Relief Administration were producing goods, not for themselves, but for an outside "market"—the nation's relief rolls, for whose support tax moneys would otherwise have to be spent. The colonies and co-operatives, on the other hand, produced basically for themselves, either directly or in a system of regional exchange. Their most important single activity was subsistence farming—the growing and processing of foodstuffs for their own consumption. Next came items of wear and household equipment and necessities.

A good example of the colonies were the pioneer projects, communal only in minor respects, which had found favor with Relief Administrator Hopkins and which a news dispatch said "struck the imagination of President Roosevelt." A dozen of these were already under way across the nation and on Hopkins' desk were plans for fifty more. In these colonies homes of the simple, convenient type already built in Texas and Arkansas were to be constructed at a cost each of from \$600 to \$1,500—they could be completed in fifteen days. Every home was to have from three to thirty acres of land around it, to be used in raising vegetables, fruits, chickens, and the like. In some cases, as at Woodlake, Texas, there was to be a large co-operatively owned and co-operatively operated tract. Dairy herds and mules for working the farms were to be owned in common.

A typical co-operative exchange set-up was that of the self-help organizations in the state of Washington under Federal Emergency Relief Administrator Charles F. Ernst. "Apple butter canned in the work centers of Wenatchee and Yakima (in the east side of the state)," he explained,

"will find its way to the west side to be exchanged for fish, furniture, clothing and shoes."

ALABAMA'S plan called for a state-wide system of co-operatives with one unit in each of sixty-seven counties. One of these units, Fairhope Colony, a single-tax community, received a federal grant of \$4,900 to lease three hundred acres of land, purchase a small cannery, and set up transportation and sewing projects. The initial lay-out for the sewing projects included four power machines and 300 bolts of cloth with which the workers were to make dresses and suits for themselves and a surplus for sale to relief organizations. A \$4,000 federal grant was received by a co-operative on Dauphin Island, not far from Mobile, in the Gulf, where 53 families were on relief because of the closing of a cannery. This money was to provide a boat repair shop and an ice plant. The group applied for an additional \$25,000 grant to set up a sea food cannery in which they could put up oysters, crabs, fish, and shrimps for the families of the various state co-operatives as well as for sale to relief organizations. Other Alabama co-operatives were being formed to operate a wood-working plant, a portable saw mill, a cotton mill, a tannery.

Southern California, where the depression had taken staggering toll, was a hot-bed of economic "secessionism." In Orange County approximately one thousand families were organized in two co-operative exchanges, in one of which there were fourteen units and in the other six. The projects included gardens, bakeries, dairies, canneries, sewing and shoe repair shops and fishing boat manufacture. The Seal Beach unit operated a new fishing boat and the Huntington Beach unit planned to smoke the surplus catches. In neighboring Los Angeles county twenty-six co-operative units had already marshalled their three thousand families, with the aid of federal "capital goods" grants, for self-sustaining work. Fourteen additional units had applications for grants pending in Washington, D. C. Most of the remainder of the 120 units were preparing their projects for applications, which were to cover practically every basic need of the unemployed, beginning with the production of food and clothing. One of the projects specified was a full-fledged dairy to supply not only butter but various other milk by-products.

To survive these plants had to produce an abundance



of goods—they were required to be self-sustaining within from three to six months of the receipt of the first grant. And with the proper equipment supplied through government backing they succeeded. As Harry Massey, manager of the Brea-Olinda unit, put it: "We have proved that we can manage a self-supporting system." Typical performances: In two weeks three canning projects (the Florence Goodyear, the Veterans' Co-operative at Torrance, and Wilmington Unit No. 12) put up seventy-five thousand cans of pears. (They bore a label printed in the Bimini Co-operative print shop.) Bakery projects had a daily production of 3,500 loaves of bread.

WHAT was in the minds of these Federal Emergency Relief Administrators? Were they embracing this novel "side economy" policy out of settled conviction? Or were they being driven to it by the threat of state and national bankruptcy? And would they drop it at first brush with the status-quo die-hards? As for Harry Hopkins, FERA head, it was impossible from news accounts, to decide whether he was clear, muddled, or afraid. At one moment he seemed to affirm his support and at the next—probably under pressure—to deny it.

A report from the capital late in July, 1934, seemed to indicate that FERA was committed, at least for the depression period, to production for use on a nation-wide scale. Hopkins' assistant administrator, Lawrence Westbrook, in a pamphlet distributed to the 48 state relief administrators, outlined a plan for the immediate setting up of meat-canning plants to be operated by the unemployed throughout the entire United States. Fish, fruit, and vegetable canning plants were also to be opened. Another of Hopkins' assistants, Jacob Baker, was an unequivocal and eloquent defender of this system. Said Dr. William E. Zeuch, of the Subsistence Homestead Division, Department of the Interior: "We of the Subsistence Homestead Division . . . are not afraid of new experiments so long as they promise a solution of the problems now faced in human relations."

Aside from his pronouncement in favor of "multiplication of wealth" (as against addition, subtraction or division) President Roosevelt maintained an adamant silence.

But the tide of opposition was rising. California's relief administrator, Winslow Carlton, might deny that this new-fangled economic approach was "state socialism," might embellish it with the fancy title, "guild socialism," but to the Tory business mind it remained "socialism" and had to be suppressed. The organized forces of private enterprise, frustrated, humble, even craven before Washington following their plunge into the chaos of the early 1930's, were now regaining their morale—their traditional abandonment to greed, their ruthless arrogance.

The mattress industry struck against the scheduled production of two million mattresses in federal relief shops for the use of the unemployed. Coming to its aid, the powerful Illinois Manufacturers' Association callously complained: "All protests to Washington are answered with the same fallacious argument that, since these mattresses will be distributed only to relief subjects, business will not be hurt. No attention is paid to the fact that the plan

is taking away from the industry the market it would obtain when the unemployed return to work."

THE underlying fear of the private enterprisers, increasingly accentuated in 1934, was exposed in a cautious appraisal by the magazine, *Business Week*, which observed that "one way to relieve unemployment is to put the jobless at work making the things they and their companions need." Under the FERA policy, it continued, "no goods are sold and the system is said to cut in half the cost of relief (thus) reducing the bill which business has to pay through taxes." But then: ". . . business men are worrying a little bit . . . because of the uncomfortable thought that government manufacture might be expanded widely and become permanent."

With unsparing frankness David Lawrence's *United States News* laid bare the governmental trend. Industry, said this periodical, wanted to cut the cost of relief, idle factory owners wanted to rent their properties to the government, farmers and other producers wanted to get rid of their surpluses and the unemployed wanted jobs and more goods of all kinds. "Pressure for development in the direction of a socialist set-up within a capitalist country," the report continued, "is reported from all directions. The Federal Surplus Relief Corporation provides the powers to bring together these elements. If the present trend continues, the time may not be far off when a profitless industry, manned by the unemployed and managed by the government, will be supplying the needs of the millions of relief families while alongside will be operating private industry to supply the wants of the remainder of the population." At first, the journal admonished, the government would meet only *some* needs and give only *some* jobs to the unemployed but demand would force expansion all along the line. Before long the workless would be supplied "with furniture or even houses." The raw materials would come from FSRC, the workers from FERA, and the cash from the federal treasury. "Present then," the report concluded, "are the elements out of which is created the socialist state."

It was this mounting conviction of the masters of the private-enterprise commodity market that finished off the New Deal's "EPIC plan"—and did the job before the burgeoning and dynamic experimentation really got under way. A remedy less threatening to the profit taker's role, even though a heavier drain upon his purse, was accepted: the tax-supported Works Progress Administration with its capital investments in highways, bridges, viaducts, parks, dams and its subsidiary writers', artists', theater and other cultural projects.

It was of little or no concern to the economic royalists that under WPA the spread of work was so thin and the wage so low that an adequate diet for the unemployed and their families was impossible. Neither did it matter that the range of skills required by the predominantly structural work of WPA was too narrow to afford an untrammelled production outlet for capitalism's diversified labor exiles. The moment's imperative need was to stop the advance into "socialism"—to kill off this coiling serpent, the "side economy." The retreat back to a safely controlled capitalist order was irrevocably on.

Opinions of the Left: A writer who has recently resigned from the Communist Party gives his own impressions of the history, present, and future of American socialism.

U. S. Socialism Today and Tomorrow

by Joseph Clark

TWO items in the news after the off-year elections tell us what has happened to the socialist Left in our country. After twelve consecutive terms in office Jasper McLevy was defeated by a Democrat in Bridgeport. The victor charged the Socialist was "too conservative." On New York's East Side, Elizabeth Gurley Flynn, Communist leader and veteran of over half a century in labor and civil liberties struggles, received 710 votes for the city council. She was the only Communist candidate anywhere and the party concentrated its efforts on her campaign. The myopia behind the move to make a sacrificial offering of her is a sad story in itself, too dreary to relate.

For the present, socialism has disappeared as an organized force in our country. The Communist Party is gasping its last. But, like its historic forerunners—the Socialist Labor Party, the Socialist Party, the IWW—it may never be interred. Radical organizations that have outlived their day in the U.S. have a way of hanging around in a kind of frozen, sect-like status. This is not to suggest that the socialist tradition has been unimportant in our history. There was a significant Socialist Party. The Communist Party also made a lasting contribution to the American scene. Right now, however, for any practical purposes, the Socialist and Communist parties have ceased to exist.

Neither the Socialist nor Communist parties were ever mass parties. Nevertheless, there were periods when they sparked the progress of the labor movement and left an important mark on political life. For the Socialists this came mainly with the Debs movement in the decade of 1908-1918. For the Communists it came primarily with the democratic-front movement in the decade of 1935-1945.

Joseph Clark has recently resigned from the Communist Party and as foreign editor of the Daily Worker.

The high-water mark of direct Socialist influence came in 1912. That year Socialist Party membership averaged 118,000. Debs, who was and remains a revered figure in our history, received 900,000 votes for President. This was nearly six percent of the total, the largest percentage ever attained by a socialist party in presidential elections before or after. One motivating reason for the "era of unusually progressive politics," says David A. Shannon in his history, was the influence of the Socialist Party.

American Communist Party membership reached 80,000 on the eve of World War II. Though the C.P. never got a significant vote in national elections, Communists played an important part in the organization of the mass production industries, especially through the CIO. The historic struggle for Negro integration has some of its origins in Communist-inspired campaigns for the freedom of the Scottsboro boys and in the Herndon case. Communists pioneered for social legislation later realized through the Roosevelt New Deal. In the depths of the depression the AFL leadership spurned the notion of unemployment insurance. It was then, as Arthur M. Schlesinger Jr. writes in "Crisis of the Old Order" that "Unemployed Councils, set up by the Communist Party, agitated, often to good effect, for better conditions in relief centers, for the stopping of evictions, for unemployment insurance."

The Socialist Party was reduced to a sect in the thirties when it refused to acknowledge anything progressive in the New Deal on the domestic scene or collective security internationally. The Communist Party espoused these and, emphasizing the politics of coalition, gained influence and became the main bearer of the radical tradition.

BY the end of the war the CP had some 75,000 members and considerable leadership in left wing unions with some million members. Now, my guess is that the CP is down to four or five thousand members. No one will dispute its complete isolation from the unions and the Negro integration struggle. An official guess by party leaders places membership at the 8,000 figure. But this, they admit, is not based on registration or dues payments. Even the four or five thousand in my guess include many who don't pay dues or attend meetings. But it's a sad sign of the demise of *all* socialist organizations that the present CP membership is larger than that of all other



socialist organizations and grouplets combined. The Socialist Party-Social Democratic Federation, even after their merger, has at best some 1,500 members. The Trotskyist Socialist Workers Party and its split-off, the Shachtman Independent Socialist League, together number under a thousand. All these groups compete with the CP in what often seems a race for the prize in dogmatism and sectarianism.

Most CP members left the organization before it was rocked by the Khrushchev revelations. About 60,000 quit between 1945 and 1955. Another ten or twelve thousand left since then. It would hardly be fair to say that this disintegration was due solely to wrong policies and mistakes. The bulk left during the period of witch-hunt. But there were courageous men and women in the CP who stood up to McCarthyism. Then, they likewise left the party when they saw it was no longer a vehicle for progress and socialism. Of those who had remained in the party during the worst of the Smith Act and McCarran Act persecutions many left *after* the fall of McCarthyism began to lift and when the Supreme Court began to restore the Bill of Rights.

Unquestionably the impact of the Twentieth Congress revelations about how communism had degenerated under Stalin played a major part in the final disintegration. But the CP had already been doomed. Its demise was of a piece with the decline and death of the Socialist Party, the Socialist Labor Party, the IWW. It wasn't and couldn't have been persecution alone that wiped out the party. Other revolutionary organizations have survived equally savage persecution. But there was a special quality to the isolation of the CP from the working class. It had to be experienced to be fully appreciated. A small incident, which illustrates this, comes to mind.

It occurred during the depths of the McCarthyite miasma. A janitor, who had toiled about a quarter of a century in the only underground he ever knew—the subway station—was fired by the city administration in New York. His daily task could hardly be called very sensitive. He cleaned the filthiest, most abused toilets in the city of New York. But the august power of our great city dismissed this worker because he was suspected of membership in the Communist Party. He had been a charter member of the Transport Workers Union. And we should recall that the union was built originally with considerable initiative by the Communists. Many of its leaders had been Communists or Communist sympathizers. The rank-and-file, who numbered few Communists among them, didn't fear the Red label. They used to cheer their leaders when they declared: "We'd rather be called a Red by the rats than a rat by the Reds." The left-wing leadership was re-elected again and again. Time passed. When the "subversive" janitor was fired no one protested. Not a peep was heard from the workers. Communism and Communists had become anathema. The silence was more deafening than the noise in the subway at rush hour.

THE isolation of the CP was a foredoomed result of the reorganization of the party which followed the publication of the Duclos article in 1945 and the subsequent removal of Earl Browder and his expulsion from the

party. Whatever the faults of Browder he had a remarkably clear insight about the possibility and significance of peaceful coexistence between the Communist and capitalist states in the post-war world. This issue transcends all others in the atomic age. It was therefore a disservice to American Communists and an early sign of disastrous changes in Stalin's foreign policy outlook when Duclos wrote in his April, 1945 article ridiculing Browder for declaring "in effect, that at Teheran capitalism and socialism had begun to find the means of peaceful coexistence and collaboration in the framework of one and the same world. . . ."

A measure of how Stalinism distorted Marxism came in the second instance of Duclos' meddling in the affairs of the American Communist Party. In his letter to the last national convention of the CP Duclos wrote that proletarian internationalism "implies solidarity with the foreign policy of the Soviet Union." This caricature of Marxism was offered nearly four years after Stalin died. It was the kind of policy of subservience which resulted in apologetics for the Moscow trials, which prevented support for the anti-Hitler war in 1939, which defended the Rajk, Kostov and Slansky trials, rationalized and excused the destruction of Jewish culture in the Soviet Union, supported the campaign against Yugoslavia, and in an earlier period, adopted the awful theory of "social-fascism" which helped grease Hitler's path to power. (The rejection of any united front by the Social Democrats at the time and their apologies for the "legality" of Hitler's advent to power made them equally culpable.)

Duclos' second letter was too much for the CP convention. The Foster group which tried to get the convention to endorse the Duclos ukase was voted down. Unfortunately, the convention lacked the courage to make a forthright repudiation of Duclos, especially in respect to the phrase quoted above. The American Communist Party went further than any other Communist Party in rejecting Stalinism. After receiving "greetings" from John Williamson in London inferring the need of re-electing Foster as chairman and Dennis as general secretary, the convention voted against electing officers and decided in favor of committee leadership. But this was all too little and too late. The latest crisis in the affairs of the CP was but a climax of a steady process of decomposition. And this was related to the general setting within which *all* socialist organizations have declined in America.

The two periods of relative success for socialist movements—1908-1918 and 1935-1945—were both marked by a minimum of dogmatism and a maximum of application to the specific American scene. The Socialists of the earlier decade had room for a right wing, a left wing and a center, for Christian socialists and populists, for workers, middle-class members and intellectuals. The Communists of the later decade had room for militant New Dealers and orthodox Marxists and they began to grope towards the concept of a coalition path to socialism as well as to immediate reforms.

Still, the promise of both decades was never realized. In both parties and in varying forms, dogma triumphed over reality. It seems to me the nub is that no socialist movement in this country ever *persisted* in a search for

what Engels called the "singular road" that Americans would travel to socialism. Engels added it would be "an almost insane road," in his letter to Sorge of September 16, 1886. It would appear insane, assuredly, to those who substituted the letter of Marxism for its method. An application of its method would start from facts—including the facts of America's productive development continuing in the epoch of monopoly, the facts of American democratic tradition, the facts of a new technological revolution with automation and the splitting of the atom, the facts of how American labor exercised political pressure, often successful pressure, through one of the two corrupt capitalist parties, the facts of a higher standard of living than that of workers anywhere—facts which contradicted Marxian notions of increasing poverty, facts of the welfare state attained under the Roosevelt New Deal, paradoxical facts of continuing monopoly control and increasing influence of organized labor.

IT is not a disparagement of Marxism to agree with Engels' letter to Sorge (September 16, 1887) "that the Americans, for the time being, will learn almost exclusively from practice and not so much from theory." Or Engels' letter to Schlueter (January 11, 1890): "The American workers are coming along all right, but just like the English they go their own way. One cannot drum theory into them beforehand, but their own experience and their own blunders and the resulting evil consequences will bump their noses up against theory—and then all right. Independent peoples go their own way, and the English and their offspring are surely the most independent of them all."

The builders of any new socialist movements in America should be willing to realize that American workers have come along pretty well so far. They have won the highest standard of living of workers anywhere. And their "stiff-necked" and obstinate British cousins have come along pretty well too, what with their Labor Party and its vital left wing, and with the civil liberties they have preserved which make American and Russian witch-hunts look miserably medieval. Perhaps, as the editors of the *American Socialist* suggested, we can learn from the career of Britain's Keir Hardie. G. D. H. Cole furnished much food for thought in his article on Hardie in the November *American Socialist*. Cole noted that Hardie "made it easy for men and women to transfer their allegiance from liberalism to socialism without too sharp a break in their ways of thought and action." If American workers are to exercise more independent political action their present allegiance to the Democratic Party is a factor to be reckoned with. Cole also points out that Hardie "gave priority to support of trade union action and to political pressure for improved conditions under capitalism, which could be displaced only at a later stage and could in his view in the meantime easily afford to grant improved standards of living to the bottom dogs." The experience of American labor seems to tally with that kind of approach.

Nor need such seeming moderation mean a de-emphasis of socialism. When Samuel Gompers still had some socialist sentiments he expressed a thought which may appear

to enshrine reformism but which contains more than a hint of the relationship between reform and revolution. Gompers said in 1890: "The way out of the wage system is through higher wages." What has marked the past efforts of socialists and communists in America is the failure to win any appreciable number of workers for socialism. Perhaps a closer study of the relationship between increasing welfare, increasing power for labor, increasing wages and social benefits, and problems of public ownership and control, will ultimately yield more fruitful results for socialist theory in our country than the orthodox studies of the past. It requires enormous pressure and struggle for workers merely to maintain their relative share of the national product. Perhaps an effort which increases this share can shake the foundations of private monopoly power. In any case a new socialist movement will have to come out of the ranks of labor and its struggles. It will have to be immersed in the labor movement.

If Soviet socialism has never been a model to spur American socialism there is a way in which the Soviet Union is already influencing the course of American politics. Those sputniks up in space have done far more to shake things up here than all the Comintern cables and Duclos letters of the last forty years. Even Administration demands for integrating American schools have been voiced out of fear of what "Soviet propagandists" will say if we segregate our colored children. Peaceful competition between the Soviet Union and the United States may be the condition out of which American socialism will become a necessity. How else carry out a greater advance in science, improve living standards, integrate the races, surpass the Russians in training engineers, beat them in things that count—education, health, social welfare, per capita production—and freedom? How prevent the Soviet Union from overtaking and surpassing us in the material things and also in the things of the spirit, in freedom, above all—which the Soviet people can attain only through their own successful revolt against Stalinism—except through democratic socialism?

RECENTLY there have been faint glimmerings of a new kind of search for that "singular road" to American socialism. The ferment and discussion that came with the revolt against Stalinism within the CP has encouraged and given new life to publications such as *The American Socialist* and *Monthly Review*. *I. F. Stone's Weekly* is crusading in the spirit of American radicalism. A recent book, "American Radicals," shows a surprising number of radical and socialist teachers in the colleges and the book itself contains useful digging into the American radical tradition. The American Forum for Socialist Education has sparked discussions as has the Committee for Socialist Unity. These are still tiny manifestations against the background of a labor movement in which socialism as such plays no part today. The present is not, from all indications, a period to launch new organizations. This is a time for dialogue and discussion, for study and reflection. It is also a time for all who believe in socialism to contribute whatever is in their power to the labor movement and to the struggle for Negro integration that is bidding to change the face of American politics.

Repressed forces seethe under the surface of our South American neighbors. In Brazil, a general strike at Sao Paulo in October hinted at the pressures building up there.

Brazil: Anatomy of A Have-Not Nation

by Special Correspondent

From the social point of view, agricultural feudalism was the only formula for the development of Brazil in the past. But there is no justification for the continued use in modern times, on plantations and in factories, of similar methods which . . . , subordinated to international capitalism, enslave the lower classes who are numbed by the trumpeting of false equalities and the platitudes of electoral impostures.¹

ALTHOUGH one might quarrel with the first part of this statement by a conservative Brazilian scholar, the rest of it neatly sums up the economic and political position of the working classes not only in Brazil, but throughout the underdeveloped parts of the so-called free world. In spite of great cultural diversity among these colonial and semi-colonial countries, most of them have certain economic characteristics in common. By examining some of these characteristics as they apply to this huge tropical and sub-tropical country that is Brazil, some insight can, perhaps, be gained as to the situation in a large number of nations which also find themselves oppressed by feudalistic practices under a veneer of modern capitalism.

The dominant fact in these underdeveloped areas is the existence of a vast, poverty-stricken proletariat, unevenly counterbalanced by a small and relatively weak middle class and a tiny, but fantastically wealthy elite. For this reason, the "average income" of these countries is an illusory bit of statistical juggling; but it is the best indication we have of the purchasing power, and thereby the standard of living, of their inhabitants, always remembering that it is distorted by the extreme wealth of a chosen few.

For 1949 the per capita income of Brazil was estimated

The author is working in Brazil. A second article in a coming issue will deal with the imperialist exploitation of the country. The pictures used to illustrate this article were taken by the author.

to be about \$110.² In Egypt, Peru, and Southern Rhodesia the figure was \$100; Nicaraguans and Turks received \$105 and \$125 respectively; while each person in the Dominican Republic supposedly got \$75, in India \$57, and in the Philippines \$45.³ In contrast, three widely separated "developed" countries, Switzerland, Australia, and Canada, had per capita incomes of between \$850 and \$870; while that epitome of material progress, the United States, was in a class of its own with \$1,453. Although these absolute figures may have changed slightly over the intervening years, the relative values have undoubtedly remained the same. Brazil, then, would seem to be reasonably representative of the "have not" group.

In large part, the low average incomes within this group result from the small productive capacity of a great mass of rural workers, who make up from two-thirds to three-fourths of the populations of Brazil, China, India, and a host of smaller countries. Every year these masses expend vast amounts of physical energy on a meager agricultural production which is seldom much above the subsistence level and which may, at times, fall fatally below it. But, goods they produce—the greater part is siphoned off as lord, or tax collector inevitably appears to claim his share of the harvest.

ABOUT the industrial workers of these countries—in Brazil they make up 12 percent of the working population, the same proportion as in the U.S. in the 1860's—little has been written, perhaps because until some fifteen years ago their numbers were negligible. Now their slums and shantytowns surround the cities, and their voices can be heard above the roar of traffic and the clink of coins in the till. Like their rural counterparts, they are faced with the problem of a productive capacity which is far below that of the more advanced industrial nations (it is, in fact, common practice to unload obsolete European and American equipment in these countries). Nevertheless, the machinery which is in use should suffice to give them a fairly decent level of living. That this is by no means the case can be blamed on one single, simple fact: They receive only a small fraction of the value of the goods they produce—the greater part is siphoned off as profit.

Although there are no figures available that relate wages to profit, we can see the effects of this system by: 1) comparing current wages with the prices of certain locally manufactured goods, and 2) examining existing figures on corporate profits.

Brazilian law stipulates a minimum wage of \$54 a month in the leading industrial centers, a figure which decreases gradually to about \$25 in the more backward sections of the nation. Theoretically, this decrease is adjusted to lower living costs, but the fact is, that the prices of everything except the most basic local farm products are much higher in the interior than in the coastal cities. It is apparent that those who drew up the law never considered that the workers might have the right to more than just a bare subsistence. The minimum wage law does not apply to farm workers, domestics, or minors (a not inconsiderable portion of the working population in this country, where some contribution to the family income is

expected from about the age of 12 on).

Skilled workers naturally do better than the minimum, and may get up to 40 cents or 50 cents an hour in the main industrial centers. A white-collar worker or good secretary receives about the same; that is, somewhere around \$100 a month. Thus, exceptional working class income in the major cities may attain \$1,000 to \$1,200 annually. Unskilled workers there, and skilled workers in the interior, are paid about half (the equivalent of \$100 a year per capita for a family of six), while a large proportion of the country's adult wage earners must get along on the \$300 a year they are supposed to be paid by law. (They may, however, get much less in places where jobs are scarce, being forced to sign false receipts for the minimum wage.)

According to capitalist dogma, as expounded by the leaders of industry in the U.S. every time the question of a pay increase comes up, we might expect that the low wages in Brazil would lead to low production costs and, consequently, to low prices. How far wrong they are on this last assumption is shown by the fact that the average working man must pay several days' wages for the cheapest of shirts (which sell for \$3 to \$7 or more) or for a shoddy pair of shoes (from \$4 to \$15), while a suit will cost him anything from \$40 up. The lowest-priced Brazilian bicycle sells for around \$75, and while this may be within the realm of possibility for a skilled worker, a motor scooter at \$1,070 definitely is not. There are also not many who can afford a refrigerator which, without any fancy trimmings, costs between \$450 and \$700.

The nascent automobile industry is in a class by itself and has evoked comment even among the wealthy (actually, the only ones who could be seriously interested in it). Although monied people don't seem to mind paying \$20,000 for a black-market Ford or Chevrolet, they balk at buying a locally made Jeep or 3-cylinder DKW for \$5,200 and \$6,000. As these cars began piling up in the show windows, their retail prices were suddenly reduced by \$1,000 (although the smaller-scale Volvo factory is apparently still holding out at around \$7,500). Contrary to what might have been expected after such a drastic price cut, neither company has gone bankrupt; and a conservative estimate would be that a thousand-dollar profit is still being made on every car sold!

THAT Brazilian manufacturers revel in fantastic profits can be seen from the fact that, in 1956, three of the largest industrial combines in Sao Paulo—one of which has over 200 different plants and a president who reports a personal income of over a million dollars a year—had an average return of 35 percent on their capital investment. With interest on loans running from 3 percent to 5 percent a month, any "normal" business is expected to yield between 30 percent and 100 percent annually. In Rio, for instance, one company that makes industrial machinery has already paid out over 60 percent in dividends this year, while a plastics industry in the same city has returned to its stockholders their original investment, in full, every year since it was founded in 1946. Even returns running into thousands of percent are not considered too unusual, and the true profit picture is seldom revealed,

as fat directors' fees and sundry other benefits are generally obscured in company reports under "operating expenses."

But we cannot, in all fairness, place the blame for astronomical prices entirely on the manufacturer, as the Brazilian middleman is a notoriously avaricious character. Generally accepted mark-ups on quick-turnover goods start at 30 percent, but may reach levels such as that of the syndicate-controlled marketing of fish in Rio, where the customer's price two blocks from the pier is five times the amount received by the fisherman. In the case of slower-moving goods, prices are increased to whatever the retailer believes he can get away with. To select one example at random, a thermos jug which its manufacturer sells for \$5 (it would be interesting to know what it actually costs to make) appears in the store windows at \$14; in another case, a small imported washing machine was delivered at the port of Santos for \$21, but sold in Sao Paulo, only forty miles away, for \$85. To take advantage of this situation, a discount house has, as one paper put it, been "sumptuously installed" in Sao Paulo (no overhead-cutting basement or warehouse needed here) to sell household goods and appliances at 40 percent below current retail prices—although still, no doubt, yielding a handsome profit.

These exorbitant profits which dominate every phase of Brazilian marketing and production are made possible only because of agreements (tacit or concrete) among the middlemen and manufacturers who are in positions of monopolistic or oligarchic control, on which subject an interesting study⁴ was published a few years ago. Although it dealt only superficially with these practices from an industrial angle, perhaps because they are too obvious to warrant comment, it did point out that in the high-priced textile field, 80 percent of the production comes from 10 companies, out of a total of 420. More startling is the fact that just over a dozen firms control more than one-third of the supplies of Brazil's staple dietary items, i.e.: of 13 meat packing companies, four control 80 percent of this production as well as 44 percent of the slaughtering in the main cattle-raising states; of 220 rice dealers in the major producing areas, eight have cornered one-third of the total trade; and 40 percent of the black bean market is controlled by a single company.



CAST ASIDE BY SOCIETY, two old women beg for alms in front of Anapolis church.



WOODSMAN'S WHOLE FAMILY has to turn to when delivering firewood to a reasonably prosperous household in Anapolis, Goiás. Parents avoid clothing their children until latest possible age, due to high prices for even shoddiest clothing.

SO, although the people subsist almost exclusively, and to the considerable detriment of their health, on black beans, rice, and a certain amount of meat, rigged prices of somewhere around 18 cents, 12 cents, and 40 cents a pound respectively for these items leaves them with no really cheap food supply considering their low wage levels. Milk, at 12 to 15 cents a quart, costs several times what it does in the U.S. in relation to income; while even coffee, in the country which produces almost half the world's supply, costs from 35 to 45 cents a pound thanks to the domination of a half-dozen firms. Any sort of variety or luxury in the diet of the working classes is obviously out of the question when a pound of butter costs 90 cents, a bottle of ketchup 50 cents, or a can of peaches \$1.

Thus, a market which is already limited by the low income of the majority of the population, is even further restricted by the tremendous profits which are added by labor-exploiting manufacturers and parasitic middlemen. The narrow political interests of these groups are protected on both the national and local level by powerful Commercial and Industrial Associations. From these groups, too, come the majority of the country's political bosses and elected officials. All phases of Brazil's producing, marketing, and banking activities are in the hands of this same interlocking elite, who prefer to work out their differences quietly over a luncheon at the club than under the public eye at the market place. As Silviano Cruz points out,⁵ these circumstances have given a basically oligarchic character to the Brazilian economy, whereby: 1) production is restricted, 2) the number of companies which can enter any given market successfully is limited, 3) prices are controlled, and 4) monopolistic profits are obtained. Under these conditions, a rise in the level of living of the general population is impossible; what it means in terms of luxurious living and special privileges for the few, can be left to the imagination.

But the inequities of this system are not passing unnoticed and unchallenged by the workers who, especially in the cities, are faced every day with a vast array of

goods they cannot buy, food they cannot eat, houses and apartments they cannot live in, and cars they cannot drive—but all of which they have themselves produced. The political implications of this working class discontent have begun to be realized by a few of the more astute (or demagogic) politicians and by a handful of the more discerning members of the ruling class. One of the latter, Rubem Berta, head of Varig Airlines, put it in these terms, on the occasion of his selection as this year's "Man of Vision" (the local equivalent to *Time's* "Man of the Year"):

We Brazilian businessmen must . . . carry out a revolution among our leaders, before circumstances make us lose our command, and the fed-up, disillusioned masses become restless and make the cauldron boil over, from the bottom upwards. . . . The working man has the unalienable right to participate in the wealth he creates, and no one has the right to give him only a part of this, as a crumb or favor.⁶

It is doubtful whether many of Mr. Berta's fellow capitalists will agree with him, nor will they pay much attention to his suggestion for self-improvement, although it should be apparent to them that the upheavals that are taking place in other parts of the world will not take long to reach their own preserve. There has, in fact, been a gradual increase in the number of strikes and public disturbances in the cities since the end of the war, culminating in Sao Paulo in mid-October (when this was written) with a general strike involving almost half a million workers, who walked out in protest against the rising cost of living. Rural unrest has also been manifest this year, in February when some 4,000 settlers in Goiás took up arms against eviction by land speculators backed up by army detachments; again in late September when a group of farmers in Parana resisted phony assessments and eviction by a "colonization" company (in which the governor of the state is a major stockholder) whose goon squad finally killed 50 of them and drove 1,300 more across the border into Argentina.

So much for the workings of free enterprise in Brazil. It is questionable whether many semi-colonial countries are better off, while it takes only a moment's thought to recall a number in which conditions are much worse. It is therefore, not surprising that there are many "boiling cauldrons" in the underdeveloped nations—and lids will be blown off in spite of every trick their rulers, backed up by the imperialist nations, can devise for keeping them in place.

1) Alberto Ribeiro Lamego, *O Homem e a Serra*, Rio de Janeiro, 1950, p. 167.

2) Weaver and Luckermann, "World Resource Statistics," Minneapolis, 1953.

3) These figures check with the "poorest peoples" under-\$100 income cited in Joseph Starobin's article, "Capitalism, Socialism, and Economic Growth," in the August issue of the *American Socialist*.

4) Silviano Cruz, *Competicao Monopolistica nos Minerios do Brazil*, Lisbon, 1953.

5) *Ibid.*, p. 192.

6) *Visao Magazine*, July 26, 1957, p. 15.

Notebook of an Old-Timer

by George H. Shoaf



Clarence Darrow and the McNamara Case

UNQUESTIONABLY, Clarence Darrow was the greatest and most successful trial lawyer this country has produced. But he was more than that: a crusader for social and economic justice, and a possessor of a luminous mind. Because he felt that petty crooks were the victims of an evil environment, he defended them with as much valor as when he sprang to the defense of labor leaders and social malcontents charged with having challenged the social, political, and economic status quo.

My acquaintance with Darrow began in Chicago in 1902 in the midst of a streetcar strike that paralyzed the entire South Side of the city. As one of the organizers of the union involved, I was called into frequent conference with Darrow, who had been employed by the union as counsel in a case arising from the strike. Later, as editor of the *Union Leader*, I took the initiative in endeavoring to induce him to submit his name to the electorate as a candidate for mayor. Darrow, however, refused to become a candidate. In his office in the Ashland Building he told the committee I headed, "I appreciate your confidence in me and your efforts in my behalf, but I must refuse to become a candidate for the following reasons: If I am elected mayor, my hands will be tied. You will expect me to do things I can not possibly do. Failure to measure up to your expectations will arouse your resentment, and I will go out of office discredited and shunned. I can render labor and the cause of social progress better service out of office than in."

During the strike, with every street

car on the South Side motionless, with teamsters and other workers helping to block the streets, and with violence everywhere threatened, Darrow and I happened to meet on a street corner where police were trying to disperse a mob. Police clubs were vigorously employed with individual workers striking back. Turning toward me from the turmoil Darrow soberly exclaimed: "George, do you think this is the beginning of what we were just talking about?" What we had been discussing was the possibility of an uprising of outraged workers against the exploiters of labor. I had taken a straight socialist position, which Darrow challenged. Many were the discussions we had in his office, and in mine, in those days. I was a member of the Socialist Party, and through the columns of the *Union Leader* I was propagandizing for socialism to the discomfiture and disgust of the readers of the publication, the majority of whom were Catholics identified with the Chicago Federation of Labor. While Darrow recognized the value of collective action, at heart he was an individualist, and at times he had fears about socialism becoming the "new despotism."

SEVERAL years later while covering the trial of Moyer, Haywood, and Pettibone, at Boise, Idaho, I was again thrown into intimate association with Darrow who was then heading the defense. My job as "war correspondent" for the *Appeal to Reason* involved as much detective investigation as it did writing the reports and stories printed. Darrow had me cooperate with several professional detectives in ferreting out

the background of prospective jurors. When these jurors were questioned in court by Darrow, he knew in advance virtually everything there was to know about them. Automatically, he excluded every potential juror who said he read no papers, no magazines, had no books in his house except the Bible, and knew nothing of the merits of the case being tried. Invariably, Darrow took the position that the man who made such admissions was either an ignoramus or a liar, in either event unfit to serve on any jury.

Moyer, Haywood, and Pettibone were officials of The Western Federation of Miners, headquarters at Denver, Colorado. The Federation was a union of metal miners the members of which were largely Irish-Americans with a liberal sprinkling of "Cousin Jacks" from Canada. Without doubt, this labor organization was the most class conscious and militant body of workers ever organized in this country. When they went on strike, as a rule, they struck with arms in their hands and fought with minions of the Mine Owners Association.

When the *Appeal to Reason* assigned to me the job of covering the Boise trial, I threw everything I had into the assignment. And so did Darrow. With Darrow, it was not so much a criminal trial as it was a contest between organized capital and organized labor. He bore down on Steunenberg's hostility to union labor, his ordering of striking miners to be thrown into a bull pen where during midwinter, exposed to snows and ice, they almost froze to death, and how it was and why Wall Street came to the support of the prosecution with unlimited financial backing. So clearly did Darrow reveal the animus of the prosecution, and so effectively did he educate the jurors into an understanding of the issues at stake, that the chief attorney for the prosecution, W. E. Borah, later U. S. Senator, was simply outclassed. Darrow's summation of the case to the jury was an oratorical masterpiece, in many respects excelling Robert Ingersoll at his best.

From the standpoint of labor and the forces that make for social progress in this country, beyond doubt the trial, in Los Angeles, of John and James McNamara, charged with dyna-

miting the *Los Angeles Times*, was the most tragic and disastrous event that ever engaged the attention and interest of Darrow. The outcome of that case gave organized labor a setback that lasted for years, put a crimp in the expanding Socialist movement, almost caused the suspension of the *Appeal to Reason*, left me without a job, and provoked invidious criticism of Darrow by thousands of his admirers and friends.

WHEN the McNamara brothers were arrested and thrown into the Los Angeles County jail, the *Appeal to Reason* was convinced it was another frameup like the Haywood Case. They sent me to Los Angeles to investigate the situation. As Secretary of the Structural Iron Workers Union, headquarters in Indianapolis, Indiana, John McNamara for years had been leading the fight his union was making for higher wages, shorter hours and better conditions of toil. I knew John McNamara before the *Times* was destroyed. Every time I passed through Indianapolis on expeditions for the *Appeal to Reason*, I stopped off, went to his office, and in intimate fashion discussed with him the progress of the labor movement. My first article, full page, in the *Appeal to Reason*, following a brief investigation in Los Angeles, declared the innocence of John and James McNamara, and that the forthcoming trial would disclose their innocence. Meanwhile, I conferred daily with Darrow who read and approved my pieces in the *Appeal to Reason*. These declarations of innocence continued to feature the pages of the *Appeal to Reason* for weeks, and at no time did Darrow challenge what I wrote. From *Times* employees I learned that for some time prior to the explosion leaking gas from old and rotten pipes had infiltrated much of the space in the *Times* building to such an extent that frequently employees had to be sent home sick. On Spring Street, not far from the *Times* building, several gas mains, evidently rotten with use and age, had given way to pressure, exuding gas into the street. All these factors were played up in sensational fashion in the *Appeal to Reason*. Labor publications the nation over reprinted these stories. Quite a time before the trial was

scheduled to occur multiple millions of American readers were convinced of the innocence of the McNamara brothers, and in prestige and circulation the *Appeal to Reason* was riding high, wide and handsome. And then came the blow that struck with fatal effect.



CLARENCE DARROW

Lincoln Steffens, muckraking magazine writer, arrived in Los Angeles, and immediately conferred with Darrow. At that time Steffens was an intellectual anarchist, a champion of personal freedom, and a pacifist supreme. In these respects, in Darrow he found more than a fellow traveler. The two got together and proceeded to work out a program of compromise that would obviate a trial. In the language of several commentators, Steffens and Darrow were a couple of "goody goodies" who loved everybody, hated nobody, and frowned on friction of any kind, personal or social. They conferred with John D. Fredericks, prosecutor, and decided to have the McNamara brothers plead guilty on the ground that a confession of guilt would constitute an extenuating circumstance that would mitigate the severity of punishment. It required a lot of pressure on the two imprisoned men to induce them to acquiesce, but finally they succeeded.

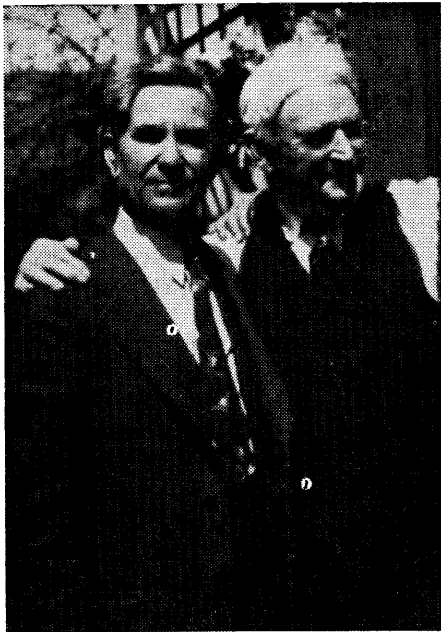
While this had been going on, I found it almost impossible to reach Darrow. I continued to stress in the *Appeal to Reason* the innocence of the imprisoned men. The Socialist Party, with several thousand active members in the area, projected Job Harriman into the local political arena as can-

didate for mayor of Los Angeles. Even old partyites, hostile to Socialism, admitted that Harriman had an excellent chance to win had nothing happened to interfere with the campaign. As it was, he polled more than 40,000 votes.

Then the blow struck. One day Darrow called me into his private office. "George," he said, "I have news for you that is going to hurt you. It may be the finish of the publication for which you write. It will probably give organized labor a black eye. I may lose a lot of friends by doing what I propose to do. It will certainly cost Harriman the election. But human lives are at stake, and I value human life as of more consequence than anything else in the world. "The boys," meaning John and James McNamara, "are going to plead guilty and accept sentences that will avoid their death."

I was astonished and outraged. I combated him with arguments and pleas to go through with the trial. I asked permission to visit the boys, as I had not personally talked with either since their incarceration in the Los Angeles County jail. Darrow refused to give me permission. I knew John McNamara, and I could not believe he had recreantly retreated from the positions he had always taken. Finally, I gave up, and left Darrow's office. When I walked down the street to my room, I felt stunned. Sick at heart as I was, I realized what would follow. The McNamara confessions would damn me as a liar. It would disillusion readers of the *Appeal to Reason*. It would have unfavorable repercussions in the labor movement. It would end Harriman's ambition to be the first Socialist mayor of Los Angeles. As for the attitude I developed toward Darrow at that time, well, I do not care to put down in words the thoughts that surged through my being.

I sat down, typed my resignation from the *Appeal to Reason*, and went into hiding. I didn't have the guts to face anybody. Job Harriman, my friend, who resented the denouement as much as I did, invited me to stay at his ranch home in the San Gabriel Valley 40-odd miles from Los Angeles. I remained there several months, and emerged later when the storm blew over. Since I was grounded in the



SHOAF (L.) AND JOHN J. McNAMARA

philosophy and economics of socialism, I took in stride what happened, attributed much to the weakness of human nature, and have remained an uncompromising socialist to this hour.

John McNamara was given a 15-year sentence in San Quentin, much of which he served. James was given a life sentence, and died in San Quentin. John, who had retired to a small farm near Indianapolis, came to California when James died, and was present at the funeral. I also drove up to San Francisco from Los Angeles to be present at the funeral. John and I immediately renewed our friendship. Following the funeral, and at my invitation, John came down to Los Angeles and spent ten days with me at my home.

During those ten days we discussed for the first time the destruction of the *Times* building, the circumstances that led to the destruction, the activities and future of the labor movement, and the necessity for fundamental social, political and economic change. He decided to cooperate with me in writing the true story of the dynamiting of the *Los Angeles Times*, putting out the story in book form. We drove over to Pasadena where Upton Sinclair lived, submitted the project, and found Sinclair not only receptive to the idea, but enthusiastic. Said Sinclair: "You two go ahead and write the book. When it is completed, bring me the manuscript, and I will see to

it the book is printed." When John McNamara left my home, it was his intention to go back to his small farm, dispose of everything, and return to my Los Angeles home, when we would begin writing. I had noted the whiteness of his skin, revelatory of a systemic condition fraught with ill health, but I had no idea his heart was as bad as it was. In Butte, Montana, where he stopped off to visit with friends, his heart went completely and he dropped dead on the sidewalk in front of the Labor Temple.

DURING our discussions, which sometimes lasted far into the night, and while I broached the matter diplomatically, not once did he ever admit guilt in connection with the *Times* explosion. Relative to the confession made by himself and his brother, here, in substance, is what he said:

George, if Jim and I had known what was taking place on the outside, how the workers of the nation viewed and reacted to our imprisonment, the state of public opinion, etc., we would never have allowed ourselves to be coerced into confessing to the crime charged against us. But we were held virtually incommunicado. Only our attorneys were permitted to see us. We received no papers to read nor literature of any kind relating to our case. On the contrary, Darrow hinted that the situation was ominous, that we were safer in jail than outside, that a fair and unbiased jury would probably be impossible to secure, that threats to lynch us had been made if we dared to appear for trial, and that in the interest of public safety it would be best if we acted on his advice, pleaded guilty, and accepted lenient sentences. Neither Jim nor I wanted to plead guilty. We wanted the case to go to trial. We wanted Darrow to bring out and stress the facts of the class struggle as he so eloquently did in the Moyer-Haywood trial. I am sure we could have stated our case so plainly, and presented facts sufficient to justify any militant action we may have taken, that a fair-minded public instead of condemning us would have understood and

been sympathetic. But Darrow and Steffens overruled us, and so we went to hell.

As an associate and friend of Clarence Darrow, I would be the last to condemn him. I suspect he believed the McNamara brothers guilty, and that Detective William J. Burns, who had for years sought to entrap John McNamara, had the goods on his client, and would convict him if the case went to trial. There were also other angles to the case, angles involving Darrow in situations that tended to put him on the spot. For not only were John and James McNamara the objects of corporation hostility, but Darrow himself was a man the corporation cormorants wanted to get. He was the sworn enemy of corporation corruption and tyranny, and pilloried the robber kings and their hirelings for what they were. Before it was over, Darrow himself had to go on trial accused of attempted suborning of a jurymen, and only narrowly escaped having his reputation and career destroyed.

In Darrow's case the good he did survives; the evil, if any, is interred with his bones.

Crooks In White Collars

LAST year, as much as \$5 billion probably changed hands in kickbacks, payoffs and bribes. U.S. employers also lost something like half a billion dollars to embezzling employes. Still more money evaporated in retail chiseling; a half billion went down the drain in home repair frauds alone. . . .

There is a blurred line between the crooks who make a business out of crime and the businessmen who, deliberately or only half-consciously, bring crime into their business.

"... The 'dynamiters,' who swindle the trusting with worthless stocks; the 'takers,' who demand business bribes and kickbacks; the 'grifters,' who work the mails to defraud the gullible; the 'sharppers,' who swindle consumers and investors by converting reputable businesses into disreputable ones; and the 'tax dodgers,' who deliberately cheat their state and Federal governments.

—The Crooks in White Collars, *Life*



BOOK REVIEW

The Shadowy Heights

THE EMPIRE OF HIGH FINANCE, by Victor Perlo. International Publishers, New York, 1957, \$5.50.

THE work of the TNEC (Temporary National Economic Committee) and NRC (National Resources Committee) in the New Deal thirties produced a large body of information about the structure of the American economy, where the shadowy heights of the corporate giants were given fresh illumination. No comparable studies have been undertaken in recent years, as both government and academic institutions have suffered a severe loss of interest in the subject. Mr. Perlo's book, while lacking the newly dug out facts that made the TNEC and NRC reports such landmarks in their days, assembles a great deal of information from publicly available sources: newspaper clippings, magazine articles, books, government hearings touching obliquely on the subject, and corporation reports. The result is a considerable collection of data, of greater or lesser interest, about the network of corporate control which holds the economy of the nation in a vise-like clutch.

To collate bits and pieces of information, however, is a far cry from presenting a coherent picture. While the book is duly divided into parts and chapters according to the author's plan, it lacks any significant thesis about the evolution of American capitalism, and in the main merely proliferates quotations, citations and facts to show how wealthy this corporation is, how dastardly the other, and how widespread the third. Some of the materials are interesting, but the net effect is as though a great sack of jigsaw-puzzle pieces had been dumped in the reader's lap, many of them duplicates, some from other puzzles, and with few hints, more often misleading than otherwise, as to how the puzzle should be assembled.

The overall thesis of the book, that monopoly capitalism has become more concentrated in ownership and control, wealthier and more powerful politically, is unexceptionable. But where Mr. Perlo tries to update the economists' work of the thirties and assemble the great corporations into interest groups (the most important contribution of this book), his methodology may lack critical restraint. The National Resources Committee, basing its work on a large amount of fresh material, was cautious and tentative in its classifications;

Perlo, lacking any special research facilities, is able to set down quite sweeping results with certitude. Paul Sweezy, who worked with the NRC, wrote in an essay published as an appendix to its report on the structure of the American economy that material on interlocking directorates while unquestionably important was not decisive and must be used with care and discrimination. It is hard to say how much attention Perlo paid to this counsel. For example, he lists 33 industrial corporations as within the Morgan sphere, where the NRC had named only 13.

IN trying to reconstruct the interest groups in the economy, partial knowledge is obviously dangerous and misleading, as the interlocks and cross-alliances are complex. To unravel the threads of significant control requires giving careful weight to such factors as primary and secondary interlocks in directorates, share ownership, investment banking and legal influences, historical ties, intangible communities of interest, prestige and authority, and many others. As the evidences upon which his classifications presumably rest are only sketchily and partially touched on in the text, much of the impact of the work is left to rest upon the trust which the reader is willing to place in Mr. Perlo as researcher and responsible analyst. This reviewer is compelled to set this down as a risky foundation. The internal evidence marks the author as a hasty conclusion-jumper, with a penchant for journalistic assemblage of data to buttress the particular party orthodoxy of the moment and as lacking in critical judgment.



Perlo, like the NRC, uses eight major interest groups: Morgan, Rockefeller, First National City Bank, du Pont, Mellon, Cleveland, Chicago, and Bank of America. In this list, two of the pre-war groups, Kuhn-Loeb, and Boston, are not included, as Perlo does not believe them to be major centers of financial power, while two, First National City Bank (which he says should have been included as major by the NRC before World War II), and the Bank of America group of California magnates, have been added. This change is overshadowed by the analysis of the gain in the Rockefeller empire to the point where it has outstripped Morgan as the most powerful of the interest groups. In this part of his book, Perlo is undoubtedly on firm ground, dealing with a major change already noted

by others. He supplies important facts and figures on the causes for the rise of the Rockefellers and the ebb of the Morgans.

Of the 100 largest non-financial corporations in 1909, only 36 remained among the 100 largest four decades later. Changes in technology and economic function have brought changes in the industrial-financial hierarchy. Perlo calculates that of the eight interest groups identified by the National Resources Committee, the Morgan group has had the slowest rate of gain (as measured by growth in profits), with the exception only of the two groups (Kuhn-Loeb, and Boston) which he drops from his classification.

STEEL, Perlo writes "has been the untouchable core of the Morgan power." But oil has surpassed steel in scope. "Between 1901 and 1953 production of steel increased seven and one-half times while production of oil increased 34 times. In 1909 steel companies accounted for 30.8% of the assets of the 100 largest industrial companies; oil companies for 7.4%. Forty years later (in 1948 to be exact) these proportions were almost reversed, oil having 28.8% and steel 11.9% of the assets of the 100 largest companies." He concludes: "As a result of this industrial change, the Rockefeller interests now control about as much profits and funds for investments as the Morgan and allied interests." If the book has any important fresh theme, it is this rise of oil, and the concomitant rise of importance of the Rockefellers and their associated interests in the power, place, and pelf of the country.

Perlo does not attribute any responsibility for the relative decline of the Morgan interests (in absolute terms they gained heavily) to the decline of the investment banker in recent decades. As a matter of fact, he starts his book by getting into a squabble with Paul Sweezy over this point. In an article in the *Antioch Review*, Spring 1941 (republished in "The Present as History") Sweezy summarized his view of the fading of the power and function of the financial consolidators. He preferred to stress the merger of financial with industrial capital, rather than the domination of financial over industrial capital, as the chief feature of the present scene:

The dominance of financial over industrial capital, which for a while was widely interpreted as a more or less permanent state of affairs, is thus seen to have been a temporary stage of capitalist development, a stage which was characterized above all else by the process of forming trusts, combinations, and huge corporations. It was this process itself which thrust the financier forward, and now that it has been substantially completed the latter ceases to play a special role in the economic life of the country. In general terms the decline of investment banking is merely the outward manifestation of an inevitable adjustment.

IN his 1942 book, "The Theory of Capitalist Development," it is true, Sweezy formulated the matter more sweepingly, decrying a "preconception of financial dominance" and asserting a "secondary position" for the banks.

There is much about the relationship between industry and banks which still requires clarification. The subject has by no means been exhausted. What sort of power, for instance, does an aggregate of banking capital wield when exercised through its function as commercial agency, now that its organizing attribute has declined? But Perlo is not the man to answer such questions. His polemic on this point is an unmitigated disaster, neglecting to give a clear idea of his opponent's stand, building refutations on beside-the-point facts or on childish juggling of statistics, and preferring to overlook important realities rather than risk what he conceives as a conflict with sacred writ.

The author's treatment of imperialism is in this same sterile tradition. He proliferates data to show the ever-increasing foreign investments of American capitalism, material that is very important in itself, but misses the towering point that Vice President Nixon caught so clearly in his October speech:

Last year American new investment abroad totaled almost four billion dollars. This amount seems large, but if the United States were investing abroad the same proportion of our national income that Great Britain invested abroad in 1910, we would be investing, not four billion dollars a year, but nearly thirty billion.

The significance is that American imperialism has been prevented for a number of reasons including its own internal rate of growth and the colonial revolutions abroad, from duplicating in current proportional terms the kind of imperialist empire in investment (and trade) which pre-World War I European imperialism rested upon. Since World War II, what Europe used to get out of its overseas expansion has been achieved in this country by means of military spending. A comparison of the figures for foreign trade and foreign investment with the current military budgets show that in present American capitalism, as compared with the hey-day of European capitalism, the two have changed positions. The political and military machinery of American imperialism is disproportionate to its economic role.

Perlo could not, of course, arrive at this conclusion from a verbatim reading of Lenin, as it is a development that post-dates Lenin's book on the subject. A new study of imperialism that misses this fact, however, is one-sided, if not worse. The failure of American imperialism to proportion pre-1914 imperialism to its own huge economic scale is a key index to the crisis of modern imperialism.

H. B.

Why Bureaucratism?

MAO'S CHINA, by Ygael Gluckstein. Beacon Press, Boston, 1957, \$8.50.

YGAEL Gluckstein's study of China is probably the most valuable that has appeared thus far. It inevitably covers much of the same ground that has previously been trodden by "China Under Communism" by Richard L. Walker and "Prospects for Communist China" by W. W. Rostow, and is a product of the same school of draftsmanship: a piece of mature scholarship and careful research—written from the vantage point of the West's cold war and Western middle-class prejudices against Communism. But Gluckstein maintains greater judiciousness about his judgments than does Walker, and in contrast to Rostow, is trying to produce a work of scholarship, not a briefing paper for the State Department. The book is also the superior of the other two in the more logical exposition of its themes and its wealth of cogent statistics and quotations from the Chinese press and official documents. Of course, it is a bit of a feat—which has not daunted most of our Western scholars—to be able to write about the greatest revolution since 1917 and miss completely its historic import, to see only its negative features. As a mithridate to this book, readers are advised to read Solomon Adler's recent study, "The Chinese Economy," which errs from the opposite direction in its uncritical acceptance of the official version of things. Taken together, the two books supply the critical reader with the best background material on present-day China now available in the English language.

One question merits our special attention: the chapter on "The New Privileged" which attempts to factually buttress Karl Wittfogel's now fashionable theory of "Oriental despotism." Gluckstein limits himself to the conclusion that "Now, for the first time in Chinese history, the totalitarianism inherent in Oriental society can come to complete fruition." Most practitioners of the theory draw even more universal conclusions to the effect that ancient Chinese experience proves conclusively that nationalization of property and production leads inevitably to a new all-embracing bureaucratic despotism. What is this new data? What is it all about?

THE proposition is shrouded in a lot of mystification; here, we can only unravel a few of its components. The trail starts with Karl Marx who in his introduction to "Critique of Political Economy" accepted the societal classification of the nineteenth century historians. "In broad outlines," he wrote, "we can designate the Asiatic, the ancient, the feudal, and the modern capitalist methods of production as so many epochs in the progress of the economic formation of society." Of course, he never busied himself with this question at all, but pedants have dug up his passing description of Asiatic society in the article

for the N. Y. Herald Tribune (June 10, 1853) so that they can have scripture on their side in their latest annihilation of Communism. Marx in this article wrote:

"There have been in Asia, generally, from immemorial times, but three departments of Government: that of Finance, or the plunder of the interior; that of War, or the plunder of the exterior; and, finally, the department of Public Works. Climate and territorial conditions, especially the vast tracts of desert, extending from the Sahara, through Arabia, Persia, India and Tartary, to the most elevated Asiatic highlands, made artificial irrigation by canals and waterworks the basis of Oriental agriculture. . . . This prime necessity of an economical and common use of water, which in the Occident drove private enterprise to voluntary association, as in Flanders and Italy, necessitated in the Orient, where civilization was too low and the territorial extent too vast to call into life voluntary association, the interference of the centralizing power of government. Hence, an economic function devolved upon all Asiatic governments, the function of providing public works."

Let us keep this information in reserve for the moment and move on to our next set of clues. From Leon Trotsky on, a number of anti-Stalinist Marxist analysts have over the years detailed the rise of a privileged bureaucracy in the Soviet Union, but have refused to consider the bureaucracy as the congealment of a new ruling class. They argued that classes are ultimately defined according to their relations to the means of production, or in terms of property, and if this criterion is correct, the Soviet bureaucracy cannot be denominated as a new historical class as it has not perfected an established mode of relations to social production and has not been able to legalize its social privileges or bequeath them to its children. In other words, that the new formation lacks the stability and continuity to justify its classification as a new class. Trotsky sought with this distinction to underline the transitory nature of the bureaucracy which he held was a product of a temporary enmeshing of special historical circumstances, but which lacked a historic mission of its own. Curiously enough, Djilas, who, in his recent book, insists that the Soviet bureaucracy is a new ruling class, maintains at the same time that it has exhausted what little function it ever had and will soon collapse. Is nothing more involved than terminological hair-splitting?

LET us at this point turn the floor over to Karl Wittfogel, who used to be a Communist, and is now professor of Chinese history at the University of Washington. Not at all true, says Wittfogel, that all ruling classes have special property rights. In ancient Asiatic society—which Wittfogel

calls "hydraulic society" as agriculture was dependent on large-scale irrigation—the royal bureaucracy was the real ruling class, as Marx acknowledged, and its wealth was derived from salaries and perquisites from the office that it held, not from independently owned property. Because the usual requirements for military power were reinforced by the need for a strong central authority to build vast public works and direct the distribution of water, the power of the ruler and the administrative organization at his disposal became pervasive and unlimited. From the conditions inherent in hydraulic agriculture and the centralized organization required to maintain it arose the typical Oriental despotism, drawing revenue from all its subjects and paying salaries to a huge caste of permanent tax-gathering officials and soldiers. Thus argues Wittfogel.

So, where are we? What does all this prove? It proves, as G. F. Hudson explains the revelation to us in the October 14 *New Leader* that "Marx did not regard the world of Oriental despotism as admirable or progressive because of the preponderance of the state officialdom over all private property and private enterprise, nor did he see any fulfillment of his ideal of socialism even in the Inca empire, where all land and products were regarded as the property of the ruler. . . . Behind a thin disguise of popular sovereignty, the Communist governmental system reproduces the ancient pattern of large-scale despotism with an autocratic ruler, his court, his ministers, and his various grades of officials ruling over a powerless subject population."

It is doubtful that this pilgrimage into ancient history has provided a fount of illumination. Analogies based upon surface similarities of different centuries and cultures invariably raise more questions than they resolve. It is about the poorest method that one can employ in sociological analysis.

The first objection is that the data of ancient society are too uncertain. Wittfogel's views, for instance, are highly controversial among China historians. How are we going to determine whether the landlords were as unimportant as he thinks, or possessed far more independent strength, as other scholars (probably more correctly) portray? Then, even if, for the sake of argument, we resolve the dispute in Wittfogel's favor, will any one seriously maintain that hydraulics is the sole key to the political evolution of Chinese society, especially today? If water works sufficiently explain both the Mandarinate bureaucracy in 200 B.C. and the Maoist bureaucracy in 1950 A.D., then why did the Stalinist bureaucracy envelop Russia whose agriculture doesn't depend on water works? Or, to turn the argument in a different direction: If the need for large-scale public works makes a despotic bureaucracy inevitable, then why are we fulminating against Mao? Were he overthrown, then another despotism would be sure to follow—if this law of hydraulics is valid.

No, the question of Soviet bureaucratism (as well as bureaucratism in the Western world) requires better scientific analysis than can be achieved through erratic and arbitrary analogies with ancient Asiatic empires. Neither will the place of the Soviet states in the movement of civilization, nor their probable direction, be determined by our sociological definition of the Soviet elites. These difficult questions can only be answered by trying to appraise from an all-around world view the trend and character of man's social evolution and correctly fixing the role of the Soviet societies in this grand panorama of human history. Do the Soviet states, despite awful deformities and barbaric relapses, represent powerful forward thrusts in man's uphill battle for progress? Or do they represent the anti-Christ of our epoch to be extirpated root and branch at the Second Coming?

B. C.

Men Among Machines

ON THE LINE by Harvey Swados. Atlantic-Little Brown, Boston, 1957, \$3.75.

HERE is a book composed of eight or nine portraits of human beings caught on that most typical of contemporary American institutions—the automobile assembly line. The portraits themselves are delectable, compassionate and tightly written. They are, I suppose, of what might be called "average American workers" but prove nothing so much as that no worker is "average."

Among them, for example, are LeRoy, the Negro hook man who maintains his human dignity by the dream of becoming an opera singer; Pop, the old Polish immigrant who spends his life savings on a fatal gift for his son; Orrin, the compulsive perfectionist who is convinced that he is indispensable to the plant; and—perhaps the most interesting of all—the wandering philosophical radical who calls himself, ironically, "Joe, the Vanishing American."

But above them all and, in a way, dominating them all there is the "vast, endless, steel and concrete world" of the factory and its assembly lines. It is the factory which, in the end, shapes each of these lives and it is in depicting their relationships to this mechanized world that Mr. Swados is at his best.

He explores this problem from every point of view. Anyone who has ever worked in a factory will immediately be impressed by the accuracy of his observation and his fidelity to type, whether it is the foreman, the apprentice, the plant alcoholic, or the union delegate that he is writing about.

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And, unlike a great deal of so-called "proletarian literature," he never allows his sympathies to distort his picture of actuality. What conclusions we may draw flow organically from the predicaments of his characters. Only in the final story—which is concerned with the return of an elderly worker, once anti-union, to the assembly line after a twenty years' absence—is there any attempt to manipulate the material to prove a specific point, and even here it is done so skillfully that the story becomes one of the most moving of them all.

The conclusions which we reach after a reading of "On the Line" are not, I suppose, particularly profound. Mr. Swados confines himself to a discussion of the obviously degrading effects which a dehumanized, mechanized civilization has upon those who participate in it and the various ways which workers have of protecting themselves. His sympathies are strongly pro-union, democratic and, ultimately, probably socialist.

These implicit sympathies are conveyed, moreover, not by manifestoes or contrived situations but through an exploration of the ways in which the workers communicate to each other and influence each others' lives. Out of this subtle process working-class solidarity emerges, not just as a slogan, but as a reality immanent in the day-to-day processes of shared work. It is this particularization of a great and often distorted truth which is the mark of the book's achievement.

IN an era in which practically nothing is being written about the enormous reality of working-class life in our decade of "boom prosperity," "On the Line" is of particular importance. Let us hope that it is the harbinger of many more such books.

A word remains to be said about his style. It is clear, simple and flexible—admirably suited to the task at hand. His sense of realistic detail is excellent, yet he never allows his stories to be burdened down with meaningless naturalism. If this style has any limitation it is the lack of a personal poetic vision or passionate insight, but for the demands which he makes upon it, it is taut and disciplined.

Both as a highly craftsmanlike piece of fiction and as an accurate document of the kind of life which millions of Americans lead today, the book is heartily recommended.

GEORGE HITCHCOCK

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LETTERS

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ranted optimism to believe that "police state excrescences will in time be removed." From above? How? What evidence have you that this "transient mutation" is being dissolved? If, as some hold, the Soviet bureaucracy will degenerate back to a capitalist form, what evidence is there that this is happening or about to happen?

If we grant the Djilas hypothesis, however, you say that this lands socialists into a dilemma: either imperialism or a form of Stalinism—that is, perhaps another form of state bureaucracy. It is true that labor governments in the West have shown signs of bureaucratization and the generation of a new social class. And it is true that if these were the only horns of the dilemma socialists would be in a bad way. However, there is a third alternative to both imperialism and state totalitarianism. This third alternative generally goes under the slogan of "workers' control," or perhaps "libertarian socialism," as it was understood in Dwight Macdonald's political youth. That is, such an alternative rejects the concept of state control and substitutes for it democracy on the shop level, workers' control.

Thus it is not necessary to fall for the

weird theory that statification Russian style is a hopeful phenomenon since sooner or later it will reform itself somehow; this theory is something people hold on to only if they falsely assume the hopeless dilemma you have posed. And, holding it, when they realize that there is no hope in the Soviet Union, you leave them with nothing, no choice, no alternative—save, perhaps, Western imperialism. We who do see a third choice, however, are not put in such an embarrassing position. We do not have to defend either the Soviet Union or Western imperialism.

M. Oppenheimer *Phila.*

[As we see it, the Soviet system is evolving toward more democratic forms and this is borne out by the events of the recent past in Yugoslavia, Poland, and the USSR itself. We cannot agree that a political regime that has in the course of the past two years sustained revolutions in Hungary and Poland, and repeated shifts of leadership in the USSR itself "blushes with good health." We don't claim that any of the new governments—Gomulka, Tito, Khrushchev—are democratic, but they do represent stages toward democratization. How a new democratic socialist government will finally arise in Russia, and how long it will take, we don't know. Will it be by action from below, or reform from above, or a protracted, see-sawing process involving both? For a number of reasons, the latter appears to us as the most likely course.

But this is only a guess; at best, an educated guess.

[The dilemma: either a continuation of imperialism or a variety of Stalinism, faces those who think nationalization inevitably leads to totalitarianism. It is not our dilemma as we do not believe that there is any inevitable marriage between economic nationalization and political dictatorship.

[It is not a matter of associating ourselves either with the Soviet governments or the Western imperialist governments. We, Western socialists, have to be independent of both. What we are called upon to comprehend is the meaning for the world socialist goal of historic revolutions through which giant countries like Russia and China are transforming themselves into industrialized societies on a socialized basis. Socialist politics would indeed be a delightful parlor game if we could simply disqualify the brutalities and perfidies with which all history, including mankind's progress, has hitherto been studded. But we have to be sociologists as well as political idealists.

[The evolution of the under-developed countries necessarily takes different paths than will the evolution of the advanced capitalist countries. Western socialism confronts a set of considerably different challenges than Russia-China, and will have to be based on different premises, perspectives, and methods if it is to successfully meet its goals. Let us hope that we can demonstrate by example the operation of a humane and democratic socialism.—Ed.]

Fifty for One

FROM a reader to the editors:

"... While my stay in Ft. Wayne will be brief, I was hoping, as a socialist, to make personal contact with individuals who might entertain ideas akin to mine. I haven't had the time for this, nor is Ft. Wayne very fertile ground for this sort of thing.

"I really believe, however, that I may be able to develop some interest here in the "American Socialist." I plan to contact the one and only book store which might handle the magazine and also to approach the proper departments of the local libraries. . . . I hope you will not think me presumptive in appointing myself your representative-without-portfolio here, where the tall corn grows, but your very good publication should be made available wherever possible.

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"... Far from thinking you presumptuous for appointing yourself as our representative-without-portfolio, we wish we had a couple hundred more like you. . . ."

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can Socialist" and in that way to help the progress of American socialism. And there are ways that help can be extended—very useful ways.

For instance, one of our best means of expanding our subscription lists has been through names supplied by our readers. We find it worthwhile to send out sample copies to carefully chosen lists sent in by those already familiar with this periodical. For that reason, we want to renew an offer which was very popular among our readers some time back. Send us fifty names of people who might be interested in reading the "American Socialist," and in return, we will send you a year's subscription. If you are already a subscriber, your subscription will be extended for one year when it runs out.

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