

**Work for a Workers World;
Join the Workers Party!**

LABOR ACTION

FEBRUARY 16, 1948

A PAPER IN THE INTERESTS OF SOCIALISM

FIVE CENTS

Stalin Gives "Reply" On Deals With Hitler

Radio Moscow has finally spoken its alleged answer to the documents contained in the State Department report, "Nazi-Soviet Relations, 1939-1941," available for \$1.00 from the State Department in Washington, D. C., has been published. Purporting to answer this book, some extracts of which are given below, Radio Moscow has actually admitted the authenticity of these revelations. See editorial on page 3 of this issue of LABOR ACTION.

"Peace and Collaboration"

Text of Stalin's reply:
"Aug. 21, 1939. To the Chancellor of the German Reich, A. Hitler. I thank you for the letter. I hope that the German-Soviet non-aggression pact will mark a decided turn for the better in the political relations between our countries."

"The people of our countries need peaceful relations with each other. The assent of the German government to the conclusion of a non-aggression pact provides the foundation for eliminating the political tension and for the establishment of peace and collaboration between our countries."

"He Knew Them Well"

Stalin's answers are given as follows:
1. The Soviet government was, of course, very much interested in present events in Europe, but he (Stalin) did not see any danger of the hegemony of any one country in Europe and still less any danger that Europe might be engulfed by Germany. Stalin observed the policy of Germany and knew several leading German statesmen well. He had not discovered any desire on their part to engulf European countries. Stalin was not of the opinion that German military successes menaced the Soviet Union and her friendly relations with Germany. These relations were not based on transient cir-

cumstances, but on the basic national interests of both countries. The so-called European balance of power had hitherto oppressed not only Germany, but also the Soviet Union. Therefore, the Soviet Union would take all measures to prevent the re-establishment of the old balance of power in Europe.

"In Any Event"

For the Reich Foreign Minister personally. . . .

The departure of Matsuoka was delayed for an hour and then took place with extraordinary ceremony. Apparently completely unexpectedly for both the Japanese and the Russians, both Stalin and Molotov appeared and greeted Matsuoka and the Japanese who were present in a remarkably friendly manner and wished them a pleasant journey. Then Stalin publicly asked for me, and when he found me he came up to me and threw his arm around my shoulders: "We must remain friends and you must now do everything to that end!"

Sometime later Stalin turned to the German acting military attaché Colonel Krebs, first made sure that he was a German, and then said to him: "We will remain friends with you—in any event [auf jeden Fall]!" Stalin doubtless brought about this greeting of Colonel Krebs and myself intentionally, and thereby he consciously attracted the general attention of the numerous persons who were present.

Schulenburg.

Stock Decline Will Not Halt Price Squeeze; Wage Raises Are Vital!

Spearheading the Assault!



The collapse of the Chicago grain and commodity markets last week sent any icy blast of fear throughout the country that these events heralded a coming "bust to the boom" and the beginning of the long-dreaded depression. As the prices of corn, wheat, oats and meat dropped their legal limit day after day, a wave of speculation on the meaning of this drop ran through the press. "Bust or continued boom" was the theme of this speculation. Pointing out that the economic power of the United States, both absolutely and relative to the rest of the world, has made of this country "the decisive factor in the whole world situation," the New York Times editorially stated the issue as follows:

"The question that has been raised in all minds, not only in the United States but throughout the world, is whether the developments of the past week are merely a necessary and healthy correction of speculatively inflated commodity prices, or whether they foreshadow a graver all-round decline which could lead to a new economic depression."

Mass Layoff Hits Detroit Auto Center

By WALTER JASON

DETROIT—The biggest mass layoffs since the great depression of the 1930s continued in this auto center this week, as two big corporations fought for monopoly control of the artificial gas supply to the city. The timing of the "gas shortage" and layoffs came somewhat suspiciously just before the UAW-CIO began its negotiations with the auto corporations for higher wages! Especially hard hit by the shutdown are Chrysler workers, over 50,000 of whom have worked only two days in two weeks! And the Chrysler union wage conference comes this week!

Except for Ford, which has its own gas plants, most of the auto industry gets its gas from the Michigan Consolidated Gas Company, one of the many subsidiaries of the Morgan-Mellon Wall Street crowd. Michigan Consolidated gets the gas it sells to the auto industry from the Panhandle Eastern Pipeline Corporation, which today has a monopoly because of its control of the pipelines through which the supply comes here.

Michigan Consolidated shut down its industrial supply, saying there was a shortage during the cold wave due to excessive use. It wants to whip up the public to back it in getting the right to build a pipeline, and drive Panhandle from business. Panhandle facilities are inadequate for long emergencies. While this fight for monopoly control continues, over 200,000 industrial workers sit home, unable to work and cutting into their rock-bottom financial reserves, if they have any.

Under the new unemployment compensation law which went into effect on January 1, partial payments are excluded, so that the thousands of workers who worked only two days from January 21 to 31 received nothing in partial unemployment benefits. For the week of February 1 to 8 they receive their primary benefit rate, or must establish a new claim.

Plans to reopen the plants on February 9 were cancelled by auto companies when, for some "mysterious" reason, the gas shortage was not relieved, although the weather was not anywhere nearly as cold as predicted. In fact, it looks more every day as though the auto companies decided this was a good excuse for a kind of unofficial lockout to cool off the unionists who are determined to fight for a living wage.

While it would be highly premature to say that a depression is upon us, or even that it is very close at hand, it is clear that a new phase in post-war economic development has begun. There are many factors to indicate this, and the American labor movement, now girding for its third post-war wage rise, must take these factors into account in planning its battles.

The precarious and easily upset nature of the so-called boom has never been more clearly shown than in last week's events. American capitalism, planless and chaotic, reacts to pressures and events without rhyme or reason, throwing fear and disorder among the entire population. Last week President Truman announced that prices were at an all-time high in America's history. In January, food prices were 103 per cent above those of 1939, with the balance of consumers' goods at a rate of 6 per cent above the 1939 average. In the cost-of-living budget, only rent was within range of the 1939 rates, and this too was being steadily threatened by Congress inaction. Truman warned that a continuation of the price spiral, part of the inflationary trend, would precipitate depression conditions. He demanded enactment of his control program. But, as Republican rival Taft shrewdly pointed out, the moment the markets in Chicago began their downside, Secretary of Agriculture Anderson announced the government's intention to purchase 50,000,000 bushels of wheat, obviously hoping to halt the slide by this step. The truth is that Truman, for election reasons, fears a real drop in prices since—under existing conditions—this could precipitate a general panic! For capitalist Truman, prosperity means a steady of all present levels—prices included. An end to the existing bull market, he thinks, spells disaster.

PEAK OF INFLATION

Capitalism offers the peaks of inflation or the sloughs of depression—that is the real significance behind these events. The immediate causes of the drop in retail prices are many: government buying for export purposes, is petering out; farmers, overstocked and guilty of the greatest hoarding in their history, are now beginning to dump their produce on the market, recognizing that the end of \$3.00 a bushel wheat is at hand; world crop conditions, for a variety of reasons, have suddenly improved, above all in Europe, which is experiencing its mildest winter since 1921 and, finally, the element of panic

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Cabinet Resignation Stirs Crisis In Japan

By JACK BRAD

With the announced resignation of the Socialist coalition cabinet, a political crisis of serious dimensions impends in Japan. Immediate events must bring the crisis to a head soon. The dominant characteristic of the crisis is a powerful swing toward the right and even the beginnings of an open reactionary formation. This reverses the trend that has dominated Japanese politics since the end of the war.

The Social-Democratic, Cooperative and Democratic Parties—the three parties in the present coalition regime—have each had splits, with their more conservative elements leaving. These splits have not left these parties in their old positions, however. They, too, have been forced to the right by the growing political strength of reaction.

After conducting a vigorous faction fight inside the SDP since its reformation, in its farmers' unions, and the public press as well as in Parliament, R. Hirano led a split in the party on January 6. Hirano took with him 16 members of Parliament, thus seriously weakening the SDP's parliamentary bloc. He also split the Socialist Peasant Union and formed his

own. Hirano is an old reactionary agrarian politician who has split the SDP several times. He staunchly supported the war and was a leader of the Imperial Way Society, a semi-fascist grouping.

The conservative right wing leadership of the party, led by Premier Katayama, had capitulated on every serious question before Hirano's attacks, including his demand for the exclusion of the left wing from the government. This leadership is timid and completely subservient to MacArthur's headquarters. During its six months in office it has attempted only one serious reconstruction measure—coal mine nationalization. But even on this issue it so compromised and retreated before the attacks of the capitalist parties that the "nationalization" program which finally emerged was actually that of these parties. In order to get support for its coalition the SDP leadership abandoned the social-democratic program for which it campaigned. The Katayama leadership had one apparent desire and that was for governmental office.

At the national convention of the SDP several weeks ago the left wing succeeded in obtaining a slim major-

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SWP Members Resign; Form New WP San Diego Unit

SAN DIEGO, Calif.—The undersigned were members of the minority of the Socialist Workers Party for three years. Under the belief that we could still function in that organization, despite the fact that our group, after the SWP Leader Cannon had rendered unity with the Workers Party impossible, decided to join the WP—we had elected to remain behind in the vain hope of presenting our political differences.

We were bluntly faced with Cannon's ultimatum: capitulate to him or get out. While we had hoped to remain in the SWP and continue to function as disciplined members, Cannon, Weiss & Co. would have none of it. Consequently, we were compelled to recognize the correctness of our group's policy in joining the Workers Party and we are following suit. The result of this decision is the formation of the San Diego Branch of the Workers Party, an action accomplished with the aid of

three sympathizers of the movement who have now joined us.

A. Williams,
L. Williams.

Although a member of the SWP for a year, but not a minority supporter, only in recent weeks have I become fully aware of the justification for the charge of bureaucracy levelled at Cannon and the SWP leadership. With the two minority comrades, I went through the experience of learning the impossibility of maintaining a political opposition to the SWP leadership. It proved to me that the SWP is a monolithic organization built on principles that reject the Leninist and Trotskyist concept of the party. Although I have certain political differences with the WP, I have joined it for I feel it is an organization that will permit me or any other member, to discuss such differences without recrimination or subjective attacks.

D. Steelquist.

Report Reveals Jim-Crow

President's Civil Rights Committee Reveals Widespread Discrimination

By E. R. MCKINNEY

This article will deal with what is called "civil rights" in the United States; specifically with the question of civil rights for Negroes as posed in the report of the President's Committee on Civil Rights and President Truman's recent message to Congress on civil rights.

These are important and significant documents not only for what they say and recommend but primarily because they come from the head of the federal government. We also have to remember that Mr. Truman is the head of the Democratic Party. It is necessary to emphasize again, too, that the Democratic Party, like the Republican Party, is a party of the capitalist ruling class and the pronouncements of these parties are therefore not always irrelevant to an understanding of what the capitalist ruling class in the U. S. is thinking today on the question of civil rights for Negroes.

It is necessary to record some of the happenings in the field of civil rights for Negroes. First, there is the report of the President's Committee on Civil Rights. Then there is President Truman's message to Congress. Third, there are various and sundry decisions of the Supreme Court. Next, there are the civil rights activities and plans of the Army and Navy Departments. This is on the side of the government. In order to complete the picture and to integrate civil rights trends properly it will be necessary to discuss what is taking place in the states and in the ranks of "private enterprise."

A REVEALING REPORT

An examination of the report of the Committee on Civil Rights reveals that this committee, after due investigation and deliberation, has come to the conclusion that not only should full constitutional equality be accorded the Negro in practice, but also that the spirit of the Declaration of Independence and the Constitution should be invoked in dealing with the so-called Negro problem. This report recommends the elimination of Jim Crow, segregation and discrimination throughout the nation. The report

tears away the hocus-pocus about "equal but separate accommodation not being discriminatory." The report destroys the nonsense and sophistry put forward by advocates of Jim Crowism, which attempts to distinguish between segregation and discrimination. This particular piece of Jim Crow has become the last trench ardently held by the defenders of Jim Crow everywhere. The argument runs that if Negro travelers are given a coach identically like the white coach and each group is compelled to ride in its own coach, then no discrimination has been practiced, only segregation. If the Negro school system is just like the white school system (same curriculum, identical buildings and equipment, salaries, etc.), that is segregation, but it is not discrimination.

This, of course, is the reasoning of the social philosophy of the Supreme Court at present. You must treat them all alike, says the Supreme Court to the state of Oklahoma. If the state has law instruction for white people, like instruction must be provided for black people. In the Oklahoma case the court went so far

as to tell the state that it must supply law instruction for Negroes by the opening of the school year or not operate a law school for white people.

Since there were only about two weeks between this decision and the scheduled date of the opening of school, Oklahoma was hard pressed. In order to comply, however, with the letter of the decision, the state decided to open a law school for Negroes somewhere in the state capitol building. Texas has already planned some such makeshift. Not to be caught in the meshes of Supreme Court logic, Arkansas has decided to admit Negroes to the graduate school of its university but they will be placed in separate classes. There will be segregation but no discrimination.

On this "separate but equal" procedure the Civil Rights Report says: "In the committee's opinion this is one of the outstanding myths of American history, for it is almost always true that while indeed separated, these facilities are far from equal. . . . If reason and history were not enough to substantiate the argument against segregation, recent experiences further strengthen it. For these experiences demonstrate that segregation is an obstacle to establishing harmonious relationships among groups. They prove that where the artificial barriers which divide people and groups from one another are broken, tension and conflict begin to be replaced by cooperative effort and an environment in which civil rights can thrive."

The Two-Party System

JERSEY CITY—Former Mayor Frank Hague, Democratic Party leader and boss, and Alfred E. Driscoll, state Republican boss and governor, simultaneously announced the selection of millionaire-industrialist Robert W. Johnson, owner of Johnson & Johnson Drug Corp., as their respective nominee for senator.

Both parties offered Johnson the nomination and each guaranteed his election. The people of New Jersey could have the free and democratic choice of voting for their millionaire senator on a Democratic or a Republican ticket.

However, the much sought-after millionaire announced his declination because of ill health. The two parties will probably now engage in a vigorous campaign against each other with rival candidates.

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German Meetings Protest Allied Hunger Policy

By ARTHUR STEIN

Last week again witnessed mass demonstrations against hunger and starvation on the part of millions of Germany's population, headed by workers organized into the revived trade unions of the British and American occupation zones. The motive behind these angry demonstrations has nowhere been stated more clearly than in the American press.

"The central fact in Germany today is that under the absolute rule of the victors Germany has been reduced to a slum and a penal colony." This declaration, appearing in a New York Times editorial of a few days ago, expresses with amazing frankness the crime of occupying imperialism in the country which once was the most highly industrialized.

The distribution of food in the Anglo-American zone, according to this same editorial, has experienced an almost complete collapse. The editorial continues that "while most European countries have recovered nearly to their pre-war production level, and sometimes beyond it, production in the Anglo-American zones is only about 40 per cent of 1938. This is not because the Germans do not want to work but because of the Allied policy of economic strangulation, which has crippled both industry and agriculture."

"The standard ration has been around 1,500 calories a day, which is less than two-thirds of the minimum necessary to maintain the health of a person not engaged in heavy physical labor."

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Stalinism: Anti-Labor in Theory and Practice

On this page of LABOR ACTION we are featuring extracts from a speech delivered in New York by Max Shachtman, national chairman of the Workers Party, on the subject of Stalinism: Its Nature and Future. The speech was delivered in December, 1947, immediately after the strike wave in Italy and France, but we have removed those sections of it dealing with current events, leaving intact the political estimate and analysis it contains of Stalinism, the most important world political phenomena of our time.—Editor.

What Are the Stalinist Parties?

The launching of a series of strikes in Italy and France, reaching the point of a general strike in France, and conducted with aggressiveness and militancy in both countries, has once more raised the question of the character of the political movement which initiated and led the strikes and which was in every way responsible for them, namely, the Stalinist party. The difficulty in answering this question is created in the minds of most people by the extremely wide variety of positions that the Stalinists are capable of taking and do take. They will appear one day as the most ardent champions of all-out production, regardless of its costs to the working class, and the next day as the equally ardent champions of the demands of the workers regardless of what happens to production. One day they are the bitterest opponents of strikes of any kind and on another day nothing less than a general strike will satisfy them. For example, only a few months ago the leader of the French Stalinists, Duclos, declared in an interview that only imbeciles favor a general strike. A short time later he was declaring that only the tools of American imperialism could oppose the general strike. One day they are the loudest drum-beaters for democratic imperialism. On another day they are its most irreconcilable enemies. If we examine closely the real aims of Stalinism in France and Italy we will come to a basic understanding of what Stalinism really represents, what its political and social character really is. To explain the changes in the Stalinist position on the grounds that the Stalinists have taken a left turn is absolutely false and reveals a misconception of the nature of the Sta-

linist parties which must be removed right at the outset if a correct understanding is to be reached. A turn to the left implies that the Stalinists are subject to the pressure of the working class. Nothing of the sort is true. There are literally scores of significant cases that prove the contrary. The Stalinists are subject to working class pressure only in the general sense in which all political parties, including the most reactionary capitalist parties, are subject to such pressure. That is, only in the sense in which they do not exist in a social vacuum but in the midst of the class struggle itself. It is a peculiarity of Stalinism that it seeks to base itself upon the working class, that its most important field of activity is the working class, but this does not change the fundamental character of Stalinism as an anti-working class and a non-working class movement. And by that we mean that its social and political interests are not bound up with the interests of the working class in any sense; by that we mean that the protection of its own interests are in contradiction with the protection of the working class and its movement in any form. If it often appears that the Stalinists are subject to the pressure of the working class and its legitimate demands, or that they are yielding to this pressure, then it is on one condition only: that this pressure coincides or seems to coincide with the only pressure to which the Stalinist parties ARE subject, when it conforms or seems to conform with the political interests of the only force that constitutes the real basis of these parties—the Russian state power, the rule of Stalinism in totalitarian Russia.

Workers' Power or Stalinist Power?

By its very nature, this ruling class, the collectivist bureaucracy, is reactionary and totalitarian. Once the means of production and exchange are centralized in one hand, you have a TOTAL POWER. If the hand is the hand of the people, in the first place of the working class, you have workers' rule, democracy, the necessary prerequisites for attaining that complete democracy which leads directly to the classless socialist society. If, however, the hand is the hand of a bureaucracy, separate from the workers and the people in general, the supercentralized means of production becomes an instrument for the suppression and exploitation of the people in the interests and for the benefit of the bureaucracy. This at once establishes both its reactionary and totalitarian character. It cannot share its power with the working class not only because the working class is the kind of class that cannot share power with any other (it either has the power itself, in which case it rules and moves toward socialism, or it is an exploited and oppressed class) but also because of the particular fact that any degree of democracy which the sharing of power implies means the end of the rule of the totalitarian bureaucracy. Now, what Stalinist imperialism is in the concrete we already know. It has expanded eastward, in Asia, and westward, in Europe. In those countries where it has taken over control, it has proceeded to establish the same social and political regime that prevails in Russia itself. In some

countries the process is faster than in others, but in all of them it is the same fundamental process. The capitalist system is undermined, the capitalist class is destroyed, capitalist property is abolished—but the result is not socialism; the result is the same totalitarian collectivism that prevails in Russia, accompanied by the same mass enslavement of workers and peasants. The problem of Stalinist imperialism then becomes, concretely: to consolidate its conquests in western Europe, to defend them from all attacks or infiltration; and at the same time to prevent the consolidation of its only serious imperialist rival, the United States, in the rest of Europe. Now, in the long run, this aim—like the corresponding but contrary aim of American imperialism—can be achieved in a durable way only by force, by arms, that is, by a third world war. Both big camps are actively engaged in preparing for it, but neither side is ready for it. To be ready requires a considerable economic and political preliminary work which has as yet only started and is not by any means completed. Both sides are aware of this; both know that they have a measurable period of time at their disposal before a decisive armed conflict is precipitated. Stalinist imperialism, much the weaker and more backward of the two, is especially gratified by the interval at its disposal. It must use it to the best advantage, but at the same time it must be extremely careful that it does nothing to precipitate the conflict prematurely, that is,

before it is ready to engage in it with reasonable possibility of winning. Now, this is simply what determines the course of its agents abroad, namely, the Stalinist parties. But the closer Stalinism comes to

the heart of the capitalist world, to the most important geographical organs to which this heart pumps its golden blood and from which it gets its own sustenance, the more hesitant Stalinism is and must be.

Two Imperialist Rivals Face to Face

But in order for Stalinism to take greatest advantage of the time left to it before a war, and to reduce the corresponding advantages of its rival, it must strive incessantly to prevent the consolidation of American imperialism in Europe. This dictates the course of the Stalinist parties in those countries of Western Europe where they cannot and will not take power—countries like France and Italy—but where they are determined to do everything within their capacity to prevent American imperialism from consolidating its power.

Now, the concrete means whereby American imperialism seeks to consolidate itself in Europe and to contain Stalinist imperialism until the moment when it is ready to launch the war to reduce its rival to atomic war ashes, is the Marshall Plan.

That plan has two interrelated aims, economic and political. Politically, America must have reliable governments in every European state. Reliable governments, from Washington's viewpoint, have a double significance: One, a government which is capable of holding the working class in check, keeping its standard of living at a low ebb, which would in turn make possible the balancing of the budget and the kind of industrial peace which imperialism requires—and two, a government which does not have too many pretensions at playing an independent role in world politics, such as playing off Russia and the USA for its own advantage, but which submits meekly to the dictates of Washington.

Economically, the Marshall Plan proposes an industrial upswing for the countries of Western Europe, the re-establishment of social order, the rationing of Europe on a higher level than now exists, and the preparation, economically and politically, of these countries into first-line bastions and battlefields for the coming war. The Stalinists, who are following essentially the same course in Eastern Europe, even if in a different way, find themselves compelled to counteract the Marshall Plan with all the means at their disposal.

Stalinism Rests on Material Base

Then what are the material interests of Stalinism? What is its material base? Ernest Germain, leading theoretician of the orthodox Trotskyist camp, attempted an answer in his phrase describing the Social Democrats as the reformists of capitalism's rise, and the Stalinists as the reformists of capitalism's decline. We consider Germain wrong, since we reject the description of Stalinists as "reformists" in any sense, but he is on the trail leading to our answer.

The traditional socialist and union bureaucracy formed a wide and powerful social layer of society in the period of capitalism's rise. It depended upon capitalist democracy to gain superior economic positions for its unions and organizations; and for access to superior political positions, all within the framework of capitalist society. The growth and success of this labor bureaucracy was simultaneous with its more and more complete association with the petty bourgeoisie and its ideology.

But the period of capitalist degeneration brings utterly different phenomena. The Stalin bureaucracy, together with the petty bourgeois intelligentsia and other middle class strata of society, has grasped that it has no future under capitalism today. At the same time, it has no belief in socialism. Capitalism depresses these groups, both politically and econom-

ically. The end of democracy, the democracy concomitant with prosperous capitalism, is clear to them. The possibility of political or economic success in the capitalist world has vanished. They react in a dual fashion, resisting capitalism and, at the same time, seeking power. The example of Russia under Stalin shows not only that it can be done, but how! How? As individuals, they cannot grasp the power and privileged position they seek by becoming capitalists (as, for example, many a shrewd Social Democrat could in bygone days). But they can win control over capital (that is, power) only if capital is considered as a whole, as a collectivity, as a force that can be manipulated and directed through the state. Capital, then, the economic system or the means of production, must be expropriated if power is to be grasped. But how? But these groups, a social hash, do not have sufficient strength to expropriate capital! Only with the aid of the mass working class can they even dream of attempting such an expropriation.

Hence this neo-bureaucracy functions, must function, within the working class movement. In this respect it is completely unlike the fascist movement. It seeks to convert organized labor and its institutions into a ladder on whose rungs it can rise to power, to collectivist power organized along totalitarian social lines. In our belief, only such an analysis can account for the stubbornness and PERSISTENCE of Stalinism, as a movement, under the current conditions of social degeneration, expressed in the political demoralization and disorganization of the world working class.

Stalinism as World Movement Can Be Defeated

Can this new strata, the world Stalinist bureaucracy thrown up by regressive capitalism, achieve this social aim? Abstractly speaking, considered as a purely "theoretical" matter, this is possible. But considered concretely, politically and actually, the weight of evidence is in the other direction. Trotsky said: the organic tendency of society is toward collectivism. Understanding by this a socialist, democratic collectivism, this is also our belief. Historically, only one class can be the bearer and realizer of democratic collectivism—the working class. Why? Because only the working class in power, having

no class left which it must socially exploit, can dissolve itself in the process of building this socialist-collectivist society.

From this standpoint, then, Stalinism as a world movement appears as a product of capitalist decay and disintegration. It struggles for power in our world, but it is laden with inner contradictions: (1) It is the outright agent of a foreign power, whose real nature as a reactionary imperialism is more apparent each day; (2) It exploits those workers over whom it establishes power for its own caste privileges and purposes; (3) its greatest contradiction, in living politics,

lies in its desire and need for power versus its inability to control firmly those masses it must set into motion in order to seize and establish this very power!

Finally, under capitalism, this Stalinist group forms only the elements, the weak roots of the class it aspires to be. Collectivist power cannot grow organically out of capitalism. This aspiring class only becomes a ruling class after it gets power, since power, state power, is equivalent to its class essence. Likewise (and the entire history of the Eastern European countries illustrates this), Stalinism, as a ruling class, can only become strong after it gets power. Bearing in mind these fundamental characteristics of Stalinism, we see the origin of the thesis upon which the Workers Party is founded and fights: Stalinism can be defeated; the revolutionary working class, made conscious of its many Achilles' heels, can overthrow Stalinism on its road to socialist victory.

New U.S. Financial Wizard!

By MIKE STEVENS

Hjalmar Schacht, the "financial wizard" of Hitler's Nazi regime, is working with American officials on a plan of financial reform for Western Germany, according to numerous reports coming from that country. The former Reichsbank president was on trial last year at Nuremberg as a war criminal, but was set free because of his international banking connections. The Germans who had suffered at his hands immediately seized him and sentenced him to ten years' imprisonment, the maximum permitted by the occupying authorities. He was then placed in the German detention camp at Ludwigsburg, near Stuttgart. A few weeks ago he was transferred to the American-operated camp at Ober-Ursel, eight miles from Frankfurt.

Officials of the Bizonal Finance Council at Bad Homburg who are engaged in drawing up financial reforms were understood to have requested the aid of Schacht. It is definitely known that American army officers in Germany held long discussions a few months ago with Schacht on financial problems. Schacht's connections with American and English capitalism have existed for many years. His acquittal at the Nuremberg trials was obviously due to these connections. He was as much a war criminal as the others who were sentenced to death. He was part and parcel of the Hitler machine and one of its leaders. But to declare him guilty would have reflected on many of his class-brothers in England and the United States,

and it is also quite possible that Schacht made a "bargain" at the time of the trial not to implicate any of his international banking cronies. Talk of a "bargain" between Schacht and the Allies was current at the time of the trial.

Schacht's present activity may also be part of the bargain. This notorious fascist has had previous experience in keeping the German people in subjugation. He worked with Hitler and the German capitalist class and now he will use his talents for the American and English capitalist class.

Schacht's rise under Hitler was very fast. In many ways it was the assurance Hitler was giving the capitalists of Germany that fascism was for the protection of capitalism. As early as July, 1934, Schacht was the all-powerful economic dictator of the Hitler regime. During that early period of fascism in Germany there were some elements that had followed Hitler because they believed he would bring in some form of socialism. When these elements made demands on the surprised capitalists, it was this same Dr. Schacht whom Hitler sent into the situation to reassure the capitalists that the new

regime was working for them. And it was Schacht who did away with those disturbing elements who thought they had rights under fascism.

Schacht granted all sorts of tax exemptions to the industrialists but placed heavy taxes on the common people to pay for the expensive Nazi regime. When some of the Nazi officials insisted that a few public works projects be created to provide work for the unemployed in order to avoid trouble, it was Schacht who decided against the projects. He didn't want any projects that wouldn't give the capitalists a big, steady profit; and as for the unemployed, he knew that fascism was firmly in the saddle by that time and could shoot down anyone who dared protest.

TRUMAN'S NEW WIZARD

Schacht was recognized as the representative of the big capitalists in the Hitler regime. He was the man trusted by Hitler to confer with bankers and industrialists in other countries. His entire past has been one of working with those who try to crush the workers in every possible way for the sake of profits. This is Truman's new "financial wizard" in Germany.

Labor Action Editor Addresses WP Philadelphia "Manifesto" Celebration

PHILADELPHIA, Feb. 8.—A dinner was held last evening at Labor Action Hall in celebration of the 100th anniversary of the birth of scientific socialism. Emanuel Garrett, editor of LABOR ACTION, gave the after dinner address, entitled, "A Century's Validation of the Communist Manifesto."

Speaking to Workers Party members and friends, Garrett related the conditions under which the Manifesto was issued, carefully pointing out that here, as in their longer works, Karl Marx and Friedrich Engels based themselves on observation of fact, collection of data, deduction and statement of scientific law.

The speaker continued by recounting that these basic socialist documents have been supplemented and expanded by other great socialist leaders. However, for every Marxist writer there has been a dozen anti-Marxist spokesmen.

Editor Garrett regretted the weakness of the socialist movement today and called for the rebirth of a movement distinct both from reformism and Stalinism. Such rebirth is a necessary step in the prevention of World War III between imperialist United States and bureaucratic Russia.

Toastmaster Jack Brad invited those present to become members of the Workers Party and to help direct the course of history in meeting the needs and wants of mankind. In behalf of the Philadelphia branch, Brad thanked the speaker and the arrangements committee for the evening's successful affair.

Other activities included the singing of socialist songs such as: Joe Hill, Avanti Popolo, Kevin Barry and The International. A quartet from the audience also sang several beautiful Negro folk songs. A period of dancing followed the singing.

An invitation was extended to all to attend an FEPC rally in Labor Action Hall, 1139 West Girard Avenue, on Friday, February 20. Numerous guest speakers will be present to discuss local application of the report of President Truman's Committee on Civil Rights and Fair Employment Practices.

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Two Weeks Left to Complete WP Fund Drive!

By YETTA BARSH, Campaign Director

Today we find ourselves at the end of the tenth week of our \$15,000 Fund Drive with a total of \$11,075.61, or 74 per cent of our goal fulfilled. Although, from the point of view of the Fund Drive as a whole and the length of time left for completion of the Drive, the pace of the Drive has been normal and there is every likelihood that it will be successfully completed, we have fallen far short of the 85 per cent goal which we set for February 5.

Detroit was the one unit which kept its promise to hit the 85 per cent mark; it sent in \$101 before February 5. Cleveland almost hit the mark with its last \$29 contribution, which raised its total to 83 per cent.

During the past week New York City put on a special drive

Readers of LABOR ACTION: Do your share! Help us hit the 100 per cent mark early. Send us your contribution immediately.

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Enclosed find a \$..... contribution to the \$15,000 fund drive.

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to collect outstanding pledges made by the members of the New York Local. It succeeded in raising the sum of \$458, which represented a 12 per cent increase in its total. The New York Fund Drive Committee has informed us that it will continue to press hard for the collection of all pledges and that it has set as its aim a substantial oversubscription of its quota. If the New York Local continues to operate as energetically as it has this past week, there is no doubt but that it will accomplish its aim.

Our comrades in West Virginia have sent in another \$25 contribution, raising their total to \$85. Although this is only 57 per cent of their quota and although they find the going tough for many reasons beyond their control, they assure us that they will raise the full amount of their quota before the end of the Drive. Our past experience with our comrades in West Virginia leads us to rely completely upon their word.

Our Pittsburgh comrades sent us \$8.00 this past week, their first contribution in the Drive. They too assure us that they will fulfill their quota before the end of the Drive. Recent excellent developments in their branch work have made it impossible for them to devote the time and energy necessary to collect money for the Drive. In the next week they hope to be able to send in a substantial additional contribution.

The remainder of this week's receipts were the following contributions: Chicago, \$53; Los Angeles, \$25; San Francisco, \$22.36; Newark, \$11.50; National Office, \$29; Miscellaneous, \$5.00.

We are now in the last lap of the Drive. There is not much time left. We can only repeat what we have been saying for the past two weeks: It is necessary for all units to drive really hard in the short time that remains. Collect all pledges that have been made in the next week! Visit all friends and sympathizers to collect their contributions! Give yourself enough time to plan spe-

cial activities which will help you go over the top before the end of the Drive!

Branch	Quota	Feb. 9	Pct.
Manhattan SYL	\$30.00	\$52.00	173
Buffalo	600.00	745.00	124
Connecticut	50.00	60.00	120
Hibbing	5.00	6.00	120
San Pedro	100.00	120.00	120
Baltimore	100.00	119.00	119
Streator	20.00	21.00	105
Boston	60.00	60.00	100
Indiana	50.00	50.00	100
New York Misc.	20.00	20.00	100
Oregon	50.00	50.00	100
Philadelphia	400.00	400.00	100
Detroit	800.00	683.00	85
Cleveland	500.00	414.00	83
Akron	400.00	315.00	79
New York City	4,000.00	3,077.98	77
San Francisco	1,000.00	728.71	73
Newark	400.00	268.79	67
Chicago	1,500.00	991.63	66
Los Angeles	500.00	325.50	65
Reading	75.00	49.00	65
National Office	3,500.00	2,090.00	60
West Virginia	150.00	85.00	57
Miscellaneous	40.00	20.00	50
Seattle	400.00	200.00	50
Youngstown	200.00	100.00	50
St. Louis	35.00	16.00	46
Pittsburgh	25.00	8.00	32
	\$15,000.00	\$11,075.61	74

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