

# LABOR ACTION

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FIVE CENTS

## LOOK OVER JORDAN

Arab Peoples' Stirrings vs. U.S. War Plans

... page 6

## ISRAEL: A 'DEAD-END CORNER'

The Israeli Bund Warns on Zionist Policy

... page 7

## BIG BUSINESS ON THE FARM

What Every City-Slicker Should Know

... page 3

## HISTORY OF THE SP IN ACADEMESE

... page 4

# IS A SLUMP ON THE WAY?

## Auto Economy Is Grinding Gears

By JACK WILSON

In all the fascinating doubletalk about the economic outlook for 1956, it seems difficult to find anything quite as curious as the views of the so-called labor economists as expressed in a New York Times survey published on December 26, unless it is a curious omission in the Times story itself.

Although economists in eight different areas were interviewed, the Times story significantly excluded one of the crucial sectors of the economy. It didn't obtain the viewpoint of competent United Auto Workers research department spokesmen on what the 1956 prospects for this important industry were, a factor which the current Business Week magazine says is the biggest single question-mark in our economy. Nor did the interviewed labor economists make much of a point of this question, except in passing.

Speaking in Aesopian language, Stanley Ruttenberg, director of research of the AFL-CIO, said that 1956 "looks like a year of leveling off without any decline in the over-all economy. I don't look for a decline, but I don't look for an advance at a high enough rate to prevent a rise in unemployment." Ruttenberg did add, however, that there were some weaknesses such as over-extended credit, the declining farm income and rising profits in relation to wages and salaries.

Leaving aside the interesting but secondary questions about how an economy "levels off" without "declining" from its current rate, or how it "levels off" while "not advancing at a high enough rate," Ruttenberg ignores the implications of his own "weaknesses."

### SOME PREDICTIONS

What is amazing is his overlooking the auto industry. Lest UAW sources be considered prejudiced or biased, all that either Ruttenberg or the New York Times had to do is check with the auto industry, or with authoritative trade magazines. The outlook is not very encouraging.

Harlow Curtice, General Motors president, says GM expects a 12 per cent decline in auto production. More important perhaps is the fact that in making this prognosis for Time magazine, which gave him a man-of-the-year award, Curtice suggested that the entire economy

(Turn to last page)

### NO SLUMP IN PROFITS

As one might expect in a boom year, corporate profits reached an all-time high in 1955. It is estimated that United States corporations raked in \$44,600,000,000 in profits before federal income taxes, and a net of \$22,300,000,000 after deducting the government's take.

This was not too much higher than the profits in the previous high year, 1950. But there was one big difference.

Much of 1950's profit lay in the selling of the big inventory pile left over from the 1948-49 recession. Since 1954 was, until the fall, a period of inventory contraction, the profits in 1955 have been coming in at the same time that inventory in a number of fields has been rising rapidly for future sale.

## War Economy Is the Prop

By GODFREY DENIS

In the numerous articles on the American economy that have been appearing, the basic theme is generally one of ringing hosannas of praise for the "miracle" of productivity, stability, prosperity and progress that characterizes—not America's somewhat exceptional role in the world economy—but capitalism.

The N. Y. Post business columnist Sylvia Porter unwittingly dashed some cold water on the cheering throng, in an article appearing January 3. Miss Porter, who habitually swoons in a transport of ecstasy over the many wonders of capitalism, makes several points in all naiveté which customarily appear in these pages.

Her article begins as follows:

"To our civilization as the new year 1956 starts to unfold, we are adding two massively significant things: A PERMANENT munitions industry; a PERMANENT foreign aid program." (Capitals in the original.)

And: "Throughout our history, it has

By GORDON HASKELL

The United States and Western Europe, in fact the whole capitalist world, have just passed through one of the greatest boom-years of their history. Construction, manufacturing, transportation, profits, sales, wages and employment: just about every economic factor imaginable reached new highs.

Despite the boom, however, there is a very marked tendency on the part of economists, even good capitalist economists, to be cautious in estimating the probable future development of the economy. One holds that although the boom is bound to decline from its peak (probably sometime next fall), the decline will be a mild one, similar to that which was experienced in 1954.

The other school, although it retains its confidence in the long-term ability of the system to maintain itself, is more fearful of the future, and tends to believe that it may be reaching the end of the secular upward movement which has dominated since the end of the

Second World War, and may be headed toward a really serious crisis marked by the over-expansion of the means of production beyond any capacity of the market to absorb its products.

Ever since the war ended, the American capitalist class has been engaged in an enormous expansion and modernization of its productive capital. Although the rate of expansion has varied from industry to industry, and has been influenced by the up-and-down swings of the economy, the overall tendency has been to continue investment and expansion even during the economic lulls (1948-49 and 1953-54), even though at a slightly reduced rate. This plant expansion, plus the enormous boom in residential building, plus the vast government outlays for the war sector, have accounted for a general expansion of the American economy of close to 50 per cent over the past decade.

### DUE IN THE FALL

No economist claims that the present boom can simply go on expanding indefinitely. Even those who foresee a further 50 per cent increase in the economy during the next decade, with more after that, know that within this long-term trend there are bound to be ups and downs.

The general consensus is that the present boom will begin to slacken sometime next fall. The disagreements are over how sharp the reduction will be and how long it will last.

(Turn to last page)

## 'What's the Date for the Next Black Tuesday in Wall Street?' Asks the Times

The New York Times has followed its usual custom of special economic supplements at the beginning of the year. In the lead article by John G. Forrest, headlined "Economy of U. S. Still Advancing in Biggest Boom," the following warning is given considerable space:

"With such pleasing prospects wherever one turns, what, except a peevish perversity of outlook, could spur the 'prophet' to go poking at this magnificent specimen of economic health to see if he can make it say 'Ouch!' when this spot or that is touched?"

"To be less cryptic, the belief of some observers of the economy is that the consumer knows when he has enough. In many categories of the present high spending it appears that he finally is reaching that stage and that when he does vast and disconcerting changes in the spending patterns will occur, spreading with amazing speed from consumers' into producers' goods.

"What then is the date for the next Black Tuesday in Wall Street? The temptation to fix it will be resolutely resisted. The reason that the end of a boom always

surprises virtually everyone who sees it happen is that the landmarks of the previous high point are hidden under 'forty feet' of greater population, higher productivity, monetary inflation and other changed factors that render the past untrustworthy as anything more than a general guide to the future... The end of a boom is not something on which one can set a date; that it must end sometime is still to be expected."

Forrest goes on to point out that of the 60 million vehicles on the roads of America, half are less than 5 years old;

and that of the 24 million single-family homes in the country, more than 10 million are less than ten years old, while life-expectancy ranges 50-200 years.

It would be interesting if something like the same kind of figures could be developed for America's industrial plant. For a big difference in the social and political significance of the boom's end lies in the question as to whether it will signify primarily an over-production of consumer goods (inventory recession), or an over-production of the means of production.

# SPOTLIGHT

## Does Crime Pay?

The headline read: "FBI Head Hails Secret Informer" (N. Y. Times, Jan. 1).

The news story said that, according to J. Edgar Hoover's annual report to his boss, informers' "secret activities led this year to 1500 federal and state arrests." This tidbit of information is mixed up fore and aft with various statements about "the subversive conspiracy" and arrests of CP leaders.

It would be a very unusual newspaper reader who wouldn't come away from scanning this odorous item with the impression that the republic last year was defended 1500 times against "subversives" because of the invaluable reports of secret informers.

A more careful reading shows that the 1500 figure refers to all arrests made by FBI, including of course all their criminal cases.

More important, how many people per 1000 know the absolutely fundamental difference between the way in which informers' reports are used in criminal cases as compared with "security" cases?

In criminal cases, an informers tip is, and can be nothing more than, a lead to the police to go and get the evidence themselves. Or it may lead the police (or FBI) to a fugitive. But one thing it cannot do: it cannot be used in court as any part whatsoever of a case against the person arrested—unless, of course, the informer shows his face in court and testifies like anyone else.

Criminals have this much defense against the stoolpigeon.

But if you have committed no crime, if you aren't even legally charged with one (like James Kutcher), then the report of a faceless and unidentified stoolpigeon can be brought into a court or hearing as evidence, and a man convicted with its help.

The stoolpigeon system in police work may or may not raise all kinds of issues in criminology or in morals or whatever; but it does not raise the issue of democratic rights which the FBI's stoolpigeon system raises in the witchhunt.

In this field, a criminal has more rights than an honest man.

Speaking of criminals and honest men, the FBI report also mentions that the bureau has 28 million sets of fingerprints in its criminal file, and 110 million in its non-criminal file. Four-fifths of the FBI's attention, fingerprinting-wise, is devoted to non-criminals.

## Goodwill to Men

As a Christmas feature, a N. Y. Times correspondent wrote up a visit he paid to three of the six concentration camps which have been fixed up by the government to hold suspected "spies" and "enemies of national security" in event of war.

As his special contribution to the holiday season of mercy mild and homage to the Prince of Peace and such, Luther Huston described (Dec. 27) the camps which are provided for by the McCarran Act of 1950. It may be remembered that the provision for such camps was thrust into the law by liberal Democrats headed by that lover of freedom, Senator Humphrey of Minnesota and the ADA.

Correspondent Huston does not explain his sudden and not quite seasonal interest in these camps, but his merciful manner of description may perhaps be conveyed by the following verbatim quote:

### YOU'RE INVITED

to speak your mind in the letter column of Labor Action. Our policy is to publish letters of general political interest, regardless of views. Keep them to 500 words.

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New edition of a Russian master, including all passages censored in earlier versions (chiefly references to Trotsky).

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"... El Reno [camp in Florida] might be a 'ghost town' of the old west if it were not for a bright red fire engine outside the gates and a forbidding wire fence, ten feet high, that surrounds it.

"There is nothing at any of the camps to suggest the 'concentration camps' that horrified the free world in World War II..."

No gas chambers, for instance. *This is America, man!*

This disclaimer, indeed, seems to be the motif of the Christmassy article. For example, somewhere in the course of the piece Huston, with evident diffidence; gets around to mentioning that one of the concentration camps (Tule Lake, Cal.) was used during the last war to hold the Japanese-Americans who had been rounded up on the West Coast and herded behind the non-German-type fences with unbarbed wire. This leads him to remark with a classic deftness of touch: "It later was acknowledged that not all of them were disloyal or a menace to national security."

As everyone knows, not one of them was ever shown to be any such thing—not a single one.

This will attune the reader to the rest of the dithyramb on these concentration camps.

It appears that the despicable subversives to be housed there will be wallowing in luxury. "Some" painting has been done. Plumbing has been made "serviceable." In some part of the article we learn there is air-conditioning at a camp, and a very quick reader who is suffering from a plum-pudding hangover might even think that the correspondent means that it is for the prisoners.

Mr. Huston, no doubt filled up to the gills with Xmas spirits, all but implies that every foul enemy of humankind who is interned in these garden spots will be provided with a personal TV set. He does in fact mention the existence of "radio outlets." Now if you have a radio outlet, you can listen to the radio, if you have a radio.

Better than Buchenwald anyway—especially now, when there's no one there yet.

This deficiency will be remedied, explains the article, "almost immediately" in event of war up to the extent of 5000 and more later. The FBI has a "pickup list." Who is on the pickup list? No one knows except the FBI. No one else will decide. No trial, no hearing, no charges, no papers, no nothing, no nonsense.

Obviously there is nothing in all this to suggest the Gestapo or the GPU "that horrified the free world." There is a fundamental difference.

The Gestapo was the natural product of Prussian brutality, as any idiot can tell you; the GPU was the natural product of the Slavic soul, or of the horrid Bolshevik doctrine that ends-justify-means, or something. But this—why, *this is America, man!*

## Journalism, Dash It All

We don't know quite what political point to make of it, but there must be an angle—maybe something about the fundamental spirit of politics as practised by that great people, the English.

This refers to a page layout we're staring at right now in the British trade-union magazine *Labour*.

The page reproduces headlines from the various London newspapers greeting the "soak-the-poor" budget brought in by the Tories' Butler.

For example, the rabble-rousing *Daily Herald* headline is shown to be:

Now look what Pinch-Penny Butler is doing to the Housewife  
EVEN HER SHOPPING BASKET  
TO BE TAXED!

And, for another fr-instance, the *Daily Mail* screamed:

BUTLER SQUEEZES THE WIVES

The staid London *Times*, of course, played it straight—straight down:

PURCHASE TAX UP BY ONE-FIFTH

But what we started out to say was that we learned most about British politics from the blazing headline in the London *Daily Sketch*, which looked like this:

In every kitchen  
in Britain this  
cry of anguish—  
OH, DEAR!

# LABOR SCOPE

## Testimony to the State of Free Speech

By BEN HALL

On Dec. 10, the *Nation* devoted its entire issue to the subject "American Labor Today," discussing the merger in highly critical terms—missing completely, in the opinion of this writer, the full significance of unity.

But it is not the content of the issue that prompts these remarks but the authors. Who are they? The public cannot know because all articles were unsigned. The editors explain: "We have aimed at achieving the maximum candor. To this end, we asked the contributors not to sign their articles. All of them are actively identified with the labor movement as editors, research and educational directors, or business agents, and they come from both CIO and AFL unions."

This is documentary evidence on the sad state of democracy inside the official labor movement. Here are some of the unions' leading editors and educators and they feel unable to discuss frankly a historic event in the development of the movement which they serve.

But, it might be argued, the *Nation* is an "outside influence" and not entitled to full rights. Let us consider *Labor's Daily*.

This newspaper is published by the International Typographical Union to present a more or less official defense of the official labor movement. In its issue of December 24, it reports on the reaction in union circles to George Meany's recent speech on foreign policy.

Meany, it will be remembered, admonished Nehru and Tito to stop flirting with Russia or with neutrality and demanded that they get right on the U. S. bandwagon. A lot of union leaders were critical of Meany. Who were they?

We cannot know, for *Labor's Daily* feels the need to cloak them in anonymity.

"*Labor's Daily* has asked labor officials, union staff members and persons closely allied with the labor movement to explain their positions on Meany's approach by answering one key question: 'Will George Meany's remarks influence India to move either farther away from or closer to us?' Their comments are summarized here," the editors say, "without identifying them, in order to avoid personality clashes."

We know that the rights of critical oppositions and anti-administration groups in the unions are down to a meager minimum. But here we see that even those who make up the officialdom itself are denied the possibility of an open discussion of crucial events.

### BISYMMETRIC ERRORS

Meany's speech illustrates how the union movement is thrown off first in one direction and then another by its inability to work out its own independent democratic foreign policy.

At CIO conventions, resolutions regularly demanded a foreign policy that would support the aspirations of peoples the world over for national freedom and economic progress. But while the CIO emphasized the need for a progressive political line rather than pure military force, it continued to support the so-called bipartisan policy which was oriented toward militarism and reaction in every country.

Came Geneva. The CIO was quick to see an approach to the solutions of world problems in negotiations among the Big Four. It paid tribute to Eisenhower and looked toward a liberal trend in Russia.

"We commend the leading role being played by the government of the United States under your leadership," said the CIO Executive Board in a telegram to Eisenhower on July 20 "in searching for an honorable basis to end the cold war and to bring about an era of international tranquility."

About Russia, it said: "We trust that these moves by the Soviet Union to agree to share in the building of world peace are sincere and will not be swept away by the next change in the Communist Party line. We believe that the liberalizing influence of peace without appeasement may well serve to produce a greater measure of freedom for the peoples of the Soviet Union and of the Soviet satellite nations."

At the same time, Russia put out feelers for a visiting U. S. union delegation to Russia, hoping to revive the mood of tolerance of Stalinism that prevailed during the war. Meany turned the offer down flatly.

He told the International Confederation of Trade Unions that no accord between the Western powers and Russia would alter labor's hostility to the Stalinist regime. While Meany publicly rejected the offer to get up a labor junket to Russia, Reuther did not comment. The *New York Times* reported: "Some CIO officials indicated they felt the idea might have beneficial results."

While the CIO congratulated Eisenhower, Meany warned against "appeasing" Russia. He ridiculed the slogan of "coexistence" and Russia's "claim to be the champion of international collaboration and non-interference with the internal affairs of other states. This same representative [Molotov] of a nation that has suppressed every human right at home, that has enslaved the people of territory with a population of 600 million, in his speech now talks and gives lip-service to equality and the self-determination of nations."

But Meany can be free of illusions over the spirit of Geneva only because he is victim to other illusions. He called for a "hard" line toward China and now for a get-tough policy toward the would-be neutral, uncommitted nations.

On the other hand, those who lean toward the CIO line became hopelessly entangled with the official foreign policy of Democrats and Republicans alike. The undercurrent divergencies on foreign policy in the labor movement emphasized the need for a new independent line.

### TWO HEADLINES

Two Detroit union papers featured articles on George Meany's trip to the NAM convention, with somewhat different emphasis.

"Meany Doesn't See Need of Labor Party," reported the *Michigan CIO News*. Yet, the *Voice of Local 212*, published by the UAW at Briggs, headlined its account: "Meany Foresees Labor Party as Possibility."

Both stories, of course, are accurate. No matter how indignantly our labor movement repudiates any new party, it maintains the threat of ever-present "possibility" as a reserve weapon.

### VICTORY IN SUGAR

Thirty-five miles from New Orleans, the United Packinghouse Workers Union has won a remarkable victory in its 8-month strike at the Goodchaux sugar refineries.

It was a bitter strike. The company had reopened with scabs under police protection and with the help of anti-picketing injunctions. But the 800 Negro and white members of Local 1124 held out in solidarity; only 80 of them returned to work in the 8-month period.

Now they have won a one-year contract and a ten-cent wage increase. Strikebreakers and armed guards are to be dismissed.

One of the union leaders comments: "Few if any unions in the South have survived such a long and bitterly contested struggle as the Goodchaux strike has been."

### OLD PATTERN

Johnny Johnson, UAW member, is suing General Motors for disrupting his happy marriage.

After he had gone to work one night on his usual shift at the company's Los Angeles plant, a private investigator hired by GM to check on absentees barged into his house and asked his wife where he was, demanding an explanation for his failure to report to work. When he came home, she accused him of "fooling around" and left him.

P.S.: Johnny was working all the time. Somebody in the office mishandled a file card.

Still on personal notes: Two members of the Communications Workers of America decided to run for public office in New Orleans. They were instantly asked to resign their jobs by the Southern Bell Company. The union went to court for an injunction and the company hastily reversed itself.

These two little incidents seem like curios today. But they remind us of the days before unionism conquered the big corporations. Then they were part of a pattern. Officious employers felt a divine need to inquire closely into the marital, social free-time activities of their helpless employees. And nobody took them to court, either.

## What Every City-Slicker Should Know About Agriculture:

# BIG BUSINESS ON THE FARM

There's been a revolution down on the farm. Farming is no longer a way of life—it's big business. It's the biggest industry in America—bigger than steel, bigger than autos, bigger than oil.

Farms are getting fewer, but larger. Today a third fewer people live on the land than twenty-five years ago. At that time, a quarter of our population were farmers; today only thirteen per cent are. This, decline will continue.

But farm production is rising spectacularly—by over fifty per cent since 1930. This rise will continue.

Do you think that a young man can start out as a hired hand, save his money, buy a team of horses and a plow or two, rent a small farm, and eventually own and expand it?

That success story has been ended by the staggering amounts of capital used on the farm. In manufacturing and mining, it takes about \$8,000 to employ one man. The average in agriculture is \$14,000 per man, and on some big farms it runs as high as \$50,000.

Machinery and power are as much a part of farm life as old Dobbin and the kerosene lantern used to be. Twenty-five years ago less than one farm in ten had electricity; today more than nine farms out of ten are electrified. Almost every farm in the country has a tractor. There are about 16 times as many combines as there were in 1930, 3 times as many trucks, 7 times as many milking machines, and 13 times as many corn pickers.

**Big money, big machines, big farms breed big politics. The big farm lobby is one of the most powerful and expensive in Washington and in the farm state capitals. It is dealing in food and fibers—what you eat and what you wear. It directly affects the nation's welfare by its opposition to raising minimum wages, its sponsorship of "right-to-work" laws, its resistance to almost all progressive welfare legislation, not only for farmers but for everybody.**

The trend in American agriculture is toward highly mechanized, large scale farms.

### FAMILY FARMS FADE

According to the census, a farm is a place of 2 or more acres which produces as little as \$150 worth of farm products a year whether sold or used at home. There are 5.2 million farms in the United States. About 3½ million of them sell less than \$2500 of produce a year. This is less than 15 per cent of the total marketable farm products.

Thus if you drive through our rural areas, 3 out of the 5 farms you would see would be "farms" largely from the scenic standpoint. Their contribution to farm production would be small.

Then there are about a million and a half "family farms." They are highly commercial, mechanized operations, requiring large capital outlays for land and labor-saving equipment. Only a few of them employ hired hands to help the family operator. They are somewhat like the corner grocer who, faced with the competition of the supermarket down the street, has had to modernize his store to stay in business.

These family-type farms are becoming fewer and larger. About the only way a young man can become a commercial farmer today is by having a father who is one, or by marrying the farmers only daughter.

### FIELD FACTORIES

Finally, there are the large farms, often called corporation farms or factories-in-the-fields. Many large farms are controlled by Boards of Directors just like industrial corporations, and a plain dirt farmer would feel as out of place at a board meeting of an agricultural corporation as he would at a meeting of bank executives, many of whom, incidentally, serve as directors of agricultural corporations.

Compared to the millions of family-type and small marginal farms, there are relatively few big farms in this country—only about 70,000. But they cover one third of the land in the United States and two thirds of the land in the western states.\*

The quiet, but increasing, concentration of economic and political power in agriculture in the large farms passes virtually unnoticed, although everyone is

\* (The census classifies all units of 5,000 or more acres in the west, and all units of 1,000 acres or more in the rest of the country, as large farms.)

Published here is most of the first and last chapters of a very illuminating pamphlet recently published by the LID and the National Sharecroppers Fund, entitled "DOWN ON THE FARM: The Plight of Agricultural Labor."

Next week we will publish a condensed version of the bulk of the pamphlet dealing with the condition of the farm workers in the U. S. We recommend that city slickers read it too.—Ed.

familiar with the growth and influence of large industrial corporations. The big farms are getting bigger, and fewer.

There were over 100,000 of them in 1945; today there are, as has been said, about 70,000, but their size is increasing. Considerable overlapping in ownership of these agricultural giants exists, but no one knows how much because no data is available on this crucial aspect of our economy.

One quarter of the farm products sold on the market each year comes from the corporation-type farms. They are the chief beneficiaries of the price support program. Since there is no ceiling on support payments, the farmers with the largest production get the largest payments.

### CONCENTRATED POWER

But the extent of the acreage owned by the large farms and the billions of dollars involved only hint at the vast economic and political power of the corporate farm interests in influencing prices, in controlling the processing and distribution of agricultural products and in affecting legislation and the administrative processes of government in the states and in Washington.

The economic control of the corporate farm interests is exercised in various ways. Here are some instances.

Nearly all the citrus fruit grown in California is managed by a fruit growers corporation controlled by the big growers. There are many small citrus groves in the state which look to the eye, and are classified by the census, as small farms. But the corporation sends in its own crews to plant the trees, cultivate and harvest the crops and process and market them.

The small grove owner is in effect simply renting his land to the fruit growers

corporation from which he gets a price in the form of a dividend. Similar controls operate in the production and marketing of sugar beets and other fruits and vegetables and, to some extent, in the basic crops of wheat, corn and cotton.

About 80 per cent of the fruit distributed in the New York market is handled by the New York Fruit Auction Corporation, in which the DiGiorgio Fruit Corporation of California owns a 44 per cent interest. The DiGiorgio Corporation is one of the most powerful of the agricultural corporations.

While small marginal farms produce nearly all of the nation's milk, over 60 per cent of all dairy products are sold to, processed, and distributed by three major dairy corporations. This milk is marketed under different names in different localities. The dairy farmer receives about one-third of the consumer's dollar for his products, often less than the cost of production.

### TWO GIANTS

[Following is a picture of two giant farm corporations:]

**Name:** DiGiorgio Fruit Corporation; a Delaware corporation, Kern County, California.

**Produces:** Deciduous and citrus fruits, grapes and vegetables, cotton and grain.

**Control:** A family corporation, with some directors from New York and Cuba.

**Owns:** 31,000 acres richly irrigated land in California; large packing house and a 10,000,000 gallon winery, both located on the California farm and 4,000 acres in Florida. Also has a number of subsidiaries, including controlling interest in New York Fruit Auction Corporation; owns stock in the principal fruit markets of the country.

**Employs:** 2,000 regular employees. Hires additional employees in harvest season from pool of several thousand workers living nearby in shack towns and migratory workers' camps.

(Note: The DiGiorgio Corporation has long been one of the financial supporters of the Associated Farmers of California, whose primary purpose is to prevent the organization of labor in rural areas.)

**Name:** Godchaux Sugars Inc. A New York corporation operating in Louisiana.

**Produces:** Sugar.

**Control:** Long a family-owned corporation but now controlled by a group of rice mill operators in Texas and Louisiana with outside financial backing.

**Owns:** 31,000 acres in six large plantations; two sugar-cane grinding mills; a large sugar refinery; private railway system to haul cut cane to mills.

**Employs:** 400 regular farm workers. Twelve hundred refinery workers and mill workers. During harvesting and

grinding season number of employees is increased substantially.

In 1953, Godchaux Sugars received \$138,488 in subsidy payments.

(Note: Godchaux Sugars, Inc., is one of the principal backers of the American Sugar Cane League, which successfully fought for a "Right-to-Work" bill in the Louisiana legislature.)

The big farming interests exert enormous political influence in Washington and in the farm state capitals, not only in agricultural matters but also on policies directly affecting labor and the general welfare.

The big farm lobby is spearheaded by the American Farm Bureau Federation, a powerful organization controlled by the big farmers, although its membership includes many small farmers. The lobby includes the special crop and industry associations, and works closely with the National Association of Manufacturers and the W. S. Chamber of Commerce. It is well-financed and effective.

### TO MAKE THE FUTURE

The future of the revolution down on the farm is clear—up to a point. There will be bigger farms and fewer of them. There will be increasing corporate control of farms. Production will continue to rise. There will be more machinery and more fertilizer, and fewer but more highly skilled workers. The small marginal farmer will be squeezed out.

If present trends continue, we will pay a very high price for this revolution. We will see the great farm corporations exercising increasing control over our economic and political fortunes. They will continue to use their power against the general welfare and against the labor movement in particular. They will continue to manipulate to their own advantage the living standards and conditions of work of their employees. The worker in the field will continue to be the forgotten man of our society, if a man who has never been remembered may be considered forgotten.

But a democratic society does not have to accept such a dismal prospect. If the revolution down on the farm is controlled by the building of a counter-force of organized workers in agriculture; by legislation calculated to distribute the benefits of increased production among all our people; by help to the family farmer to stay in business—the revolution in agriculture can bring us untold blessings. It can bring a higher standard of living in a more democratic society. It can show the whole world what free men can do.

Which course the revolution on the farm takes will depend very largely on the seriousness with which the American labor movement goes about the organization of the workers in agriculture, and on the strength of an enlightened public opinion intent on seeing that legislative and administrative programs are set up for the benefit of farm workers and the family farmer, and not primarily for the giant farming corporations.

## Rauh Sums Up as VA Weighs Decision:

# Kutcher Hearing Was the 'Worst Yet'

By BERNARD CRAMER

The hearing given James Kutcher by the Veterans Administration was more "outrageous" than any of Joe McCarthy's, said Kutcher's attorney, Joseph L. Rauh.

"I've been in many hearings and this was the worst. . . . No rules. No statement of charges. No witnesses. No evidence."

The VA was trying to deprive the legless veteran of his war disability pension on account of membership in a "listed" organization, the Socialist Workers Party. After tremendous protest and publicity sparked by the N. Y. Post, the VA had backed down only to the extent of allowing Kutcher to receive the pension pending the outcome of the hearing, and of opening the hearing to the press when it took place on Friday, Dec. 30.

Although Rauh urged the VA committee to make its decision immediately after the hearing, its chairman Peyton Moss refused, and there is at present no idea when a decision will be announced.

The questioning at the hearing followed the pattern of the police-state thinking which has characterized the government in its whole persecution of the legless vet. In spite of many demands, Moss refused to trot out the secret informers on whose reports the

charges were based, or to enlarge on the statement of charges as contained in his original letter to Kutcher.

Although in this letter Kutcher had been accused of giving aid and assistance to an enemy in time of war—on the ground that he had expressed critical remarks against this government during the Korean "police action" which officially was no war—Moss blandly maintained that no "charge of treason has been made against Kutcher."

### NO RULES

When Rauh asked for the rules and regulations governing the hearing—

Moss: "We couldn't do that. There are too many rules and regulations."

Rauh: "Isn't it a fact you don't have any rules?"

Moss: "Certainly we have some."

Rauh: "Can we get them?"

Moss: "No."

Moss told the attorney, "I'll make the rules as we go along."

In the course of the hearing, Moss denied Rauh's motion to dismiss the charges on the ground that Kutcher was not being charged with any crime. This is the first time that the VA has lifted a pension from a vet who has not been convicted of a crime. Previously, this injustice had been committed against

CPers who had been convicted under the witchhunting Smith Act.

Rauh pointed out that Eisenhower and others had also sharply criticized the government during the Korean war, in terms similar to those ascribed to Kutcher: "This means, if you're a pensioner don't exercise your right of free speech," he said.

Moss refused even to name the "enemy" country to which Kutcher was supposed to have given aid and assistance by his criticism of the U. S. authorities. He noted only that at the time the U. S. was at war with North Korea and China.

At one point Moss started on a personal cross-examination of Kutcher, and the tenor of his questioning showed the nature of the proceedings. The letter of charges had accused Kutcher of wanting to cause strikes in time of war. This, said Moss, was prima-facie evidence of assistance to the enemy. The labor movement should be interested in this observation.

Moss even brought up the charge that in 1949 Kutcher had written a letter to the SWP paper in which he indicated that he was in favor of defending the CP Smith Act defendants! (This incidentally was in the course of an attack by Kutcher on the CP for its civil-liberties policy.)

(Continued on page 4)

BOOKS AND IDEAS

David Shannon's Book —

# An SP History in Academese

THE SOCIALIST PARTY OF AMERICA, by David Shannon.—Macmillan Co., N. Y., 1955, \$4.50

By HARRY LUEBECK

Of the recent spate of books devoted to the history of American socialism, some have been written by authors who have a degree of political sophistication and who are in some way concerned with the fate of American socialism, and some have been written as academic exercises with little obvious political concern or involvement.

In the first category we have the writings of Ray Ginger, Ira Kipnis, and Daniel Bell, works which are concerned, in however erroneous fashion, with political ideas of concern to socialists.

In the second category, there is Howard Quint's stolid and scholarly volume on nineteenth-century American socialism and the book by Professor David Shannon of Teacher's College (Columbia University) on the history of the Socialist Party of America.

While the Quint and Shannon volumes contain much useful information and are based on careful research, they contain little more than superficial analyses.

The first one-fifth of the Shannon volume is devoted to a discussion of the regional, ethnic, and class differences in the Socialist Party before World War I. In a none-too-original or searching fashion Shannon delineates the differences between New York Eastern European immigrant socialists, Milwaukee "municipal socialists," the agrarian socialist parties in the old Populist centers, the Wobly miners and lumbermen of the mountain states and the West Coast. Regrettably, however, Shannon does not go much beyond outlining the differences, does not probe deeply into their significance.

Take, for example, the best part of this section: the description of Midwestern agrarian socialism.

We hear of the great socialist encampments, modeled after the old-time revival camp-meetings; of a few of the favorite songs of these encampments, such as "The Red Flag," "I Will Join the Party, Mother," and "Just Before the Battle"; of the journalistic style of *The Appeal to Reason*, which printed such bits as "The Ballad of the Shop Girl," who declared that "civilization bids me choose the

grave or the harlot's fate"; of Louisiana and Oklahoma dirt-farmers and sharecroppers who actually attempted to capture state power via non-parliamentary means.

Shannon gives us the color—and little else. He offers little fresh analysis into the problems of socialist development in agrarian regions, an analysis which might be comparable to S. M. Lipset's painstaking and important historical-sociological study of the Saskatchewan Cooperative Commonwealth Federation.

Lipset approached his subject with specific questions in mind and with a theoretical framework in which to operate. He thus can come up with useful and direct answers to the problem he put before himself. Shannon on the other hand is telling a story "from here to there" in time, with only a passing attempt to answer specific questions.

Shannon attempts to relate this picture of the heterogeneous SP of the pre-war years to a thesis which argues that the strength of the SP at that time was that it attempted to operate like a "typically American" party which, like the parties of the Democrats and the Republicans, kept disparate groups with conflicting ideas under the same roof, and thus could gather in the votes of many different elements. His major criticism of the party is that it did not do this as successfully as the two major parties.

What Shannon seems to overlook here is the nature of the split in the party—a split between petty-bourgeois reformers and socialist opportunists on the one hand, and the proletarian revolutionaries of the party's left, a left which understood the task as being not reforms within capitalism but a revolutionary social transformation of society by the proletariat acting in its own behalf, a transformation whose aim would be the complete destruction of capitalism.

Could such opposing forces really be kept under the same roof? Perhaps Shannon would have done better to compare the American Socialist Party to the development of German and French, or even English, socialism, instead of to the Democratic and Republican Parties.

## WARMED-OVER

The chapter devoted to the history of the SP prior to World War I, particularly to the factional fight of the 1909-1912 period between the right and the syndicalist-tinged left, is supposedly aimed at Ira Kipnis' study of the period, because Shannon believed Kipnis to be altogether too friendly to the Left. Shannon, by the way, is quite right in pointing to the fact that Kipnis is much too uncritical of Bill Heywood, an uncriticalness which stems from Kipnis' crypto-Stalinism which makes it essential from him to induct Heywood into the pantheon of heroes of the "Left."

But Shannon regrettably does not really lock horns with Kipnis as he promises in the Bibliographical Essay appended to the volume. Rather, he serves up a careful, if somewhat warmed over and anecdotal, account of the in-fighting involved in the factional fight, and little else.

Arguing from academic "common sense" he finds the entire fight unfortunate, and fails either to give us a critique of Heywood or a consistent argument in support of the right wing. Shannon somehow al-

most misses the point of the entire controversy because he thinks it silly and unreal in the first place.

The two chapters on the socialists and World War I are quite good. They offer an adequate description of the background and content of the 1917 St. Louis anti-war resolution of the Socialist Party, and they chronicle quite carefully Woodrow Wilson's anti-civil-libertarian attack on the party.

Shannon is able to extricate himself from the usual liberal-academic Wilson myth and to demonstrate that it was with Wilson's fervent support that Postmaster General Burleson revoked the mailing rights of a number of socialist periodicals, that the Department of Justice prosecuted Eugene Debs for the Canton anti-war speech, that Attorney General Palmer initiated a mass witch-hunt at the end of the war, that Wilson refused to the end to pardon Debs, leaving that honor to Warren Harding, a man who has hardly anything else in his record to do him honor.

## NO ANALYSIS

The twenty-three pages that Shannon devotes to the origins of the Communist Party are like much of the rest of the book, for the most part not particularly objectionable and not particularly useful. For the great bulk of the chapter he gets involved in recounting the infantile disorders of sections of the left-wing, and the resultant somewhat weird factional fights.

In so doing, he fails to offer any basic political analysis and evaluation of the growth of the Communist movement, any analysis which would have really separated the various tendencies out in a succinct and meaningful fashion, an analysis which might have indicated that there was more to the early CP than a collection of buffoons and neurotics. While the early CP attracted to its banner crackpots and romantics, it was the genuine center of the best of the American revolutionary Marxist socialist movement, prior to its Stalinization. It deserves a better press than Shannon has given it.

The two chapters that are spent on the history of the SP in the 1920s scarcely need detain us. Except for its traditional followers among sections of the Jewish working class and scattered remnants here and there, the SP in the '20s was scarcely alive. A handful of Christian-socialist ministers, lib-lab lawyers, and a small group of intellectuals gave the party its pleasant, conservative, and ineffective direction. Shannon, of course, handles this part adequately.

The chapters on the depression years are surprisingly enough scarcely more interesting, exacting, or analytical than the discussion of the '20s. The actors are all there: the Old Guard, the Militants,

## 3 Meetings in Philly

By FRANK HARPER

Philadelphia, Dec. 28

The viewpoint of Independent Socialism was presented to three meetings in this area during the month of December. On Dec. 14 Max Shachtman, ISL national chairman, debated a local Stalinist leader at nearby Swarthmore College [reported in last week's *Young Socialist Challenge*.]

On Dec. 16 Hal Draper, editor of LABOR ACTION, addressed the Labor Action Forum at the St. James Hotel on the subject of "Liberalism: A Socialist Criticism." After a blistering descriptive survey of the bankruptcy of liberalism in our period, he entered into an analysis of the causes which emphasized the relations between liberal ideology and statism.

Earlier in the month, Michael Harrington, national chairman of the Young Socialist League, led a discussion on "Pacifism and the Third Camp" at a meeting of the Philadelphia Third Camp Committee. The committee includes both pacifists and socialists.

Harrington showed the common ground that unites pacifists and internationalist socialists against war and a reactionary foreign policy, and against the concepts of appeasement and neutralism as effective bars to a Third World War. An ISL spokesman is scheduled to address the Third Camp Committee on the issue of Political Action, at its monthly meeting on January 11.

the Clarityites, the Appeal Caucus, the Revolutionary Policy Committee, the Trotskyists. Again: an account of the bare skeleton of the divisions within the SP is given, but little in the way of their substance and meaning.

As for Shannon's sections on the Trotskyists in the SP in the '30s, it is filled with more misstatements, half-truths, inaccuracies and plain factual boners than can be listed here; this subject could well be an article in itself. Shannon knows little or nothing about the SP except what he got from the official SP press and from SP leaders, apparently without the most cursory check of any dissenting source.

## WEAK CONCLUSION

Shannon's last chapter, among other things, attempts to sketch in the reasons for the failure of the Socialist Party. After listing what he considers to be the internal weakness of the SP, its failure to behave like a traditional American political party, emphasizing heterogeneity, and building up strong local machines on the basis of local politics, as well as its failure to build a base in the labor movement, Shannon turns to the external factors involved.

Even though he bases part of his argument concerning the "lack of class-consciousness among American workers" on a public opinion poll which indicated that 70 per cent of the working class considered themselves "middle-class," a poll which is considered by many statisticians and social psychologists as a classic example of a poorly contrived questionnaire whose results are therefore invalid, and whose results have been subsequently disproved by other more scientifically valid polls, Shannon concludes that the failure of the SP was not its own fault, but was due at bottom to the basic "traditions and conditions in American society which the Socialists could do little or nothing to change."

Regrettably, Shannon merely declares this to be true and offers only a few pages of semi-accurate observations to substantiate it. Throughout the bulk of the book he does not really argue his thesis, nor does he relate the material and analysis he has to it. If he is to substantiate this claim—a claim with which I am in sympathy—then Shannon is obligated to do more than assert this at the end of a book in which he does not once previously introduce the idea.

In brief, then, this volume is not as bad as it could have been, and not anywhere near as good as it has to be if an adequate history of the SP were to be written.

# Kutcher —

(Continued from page 3)

Rauh objected to more of this line by Moss and finally stopped Kutcher from answering such questions, since they dealt with the pre-Korean period and in any case were irrelevant to the charges. "Millions of Americans," he pointed out, were against the Smith Act too.

In another part of the hearing Kutcher denied having made the statements attributed to him by the unidentified stoolpigeon but, as before, stood on the program of the SWP. It transpired at the hearing that the stoolpigeon had also reported that, at a 1948 convention of the SWP, Kutcher had made "insulting" remarks about the U. S. flag. This was also a charge on which the VA persecution was being based. But as with all the rest—"No witnesses, no evidence."

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## Discrimination in the New York Schools

### II — Behind the Inequality Lies Jim Crow

By MAX MARTIN

The first part of this article, last week, called attention to the report "The Status of the Public School Education of Negro and Puerto Rican Children in New York City."

This report was drawn up by the Public Education Association, with the assistance of the NYU Research Center for Human Relations, at the request of the city Board of Education. The report absolved school officials of responsibility for the existence of segregated schools but went on to present a damning picture of the inequality between "Negro" schools and "white" schools.

The study examined two groups of schools: Group Y, defined as having a white enrollment of 90 per cent or over, and Group X—90 per cent or over Negro and Puerto Rican for elementary schools and 85 per cent or over for junior high schools.

The first question which the report asked concerned the physical facilities available to both groups. As we reported last week, Group X schools are considerably older than those in Group Y and have considerable less floor space, site space, ground level space and playground space per child. But that's not all.

**Group X (Negro and Puerto Rican) schools are markedly inferior with respect to particular facilities, special rooms, and the like. A smaller percentage of Negro elementary schools contain auditoriums, assembly rooms, shower rooms, correctional gymnasiums and science rooms, than do white elementary schools.**

In the cases of some of these facilities the differences are huge. Sixty-eight per cent of the schools in Group Y have an assembly room; only 18 per cent of Group X schools are so favored.

At least one shower room is to be found in 48 per cent of the white elementary schools but only in 30 per cent of the schools which are Negro and Puerto Rican. Equal percentages of the two groups of schools have roof playgrounds, and a slightly larger percentage of Group Y contain regular gymnasiums and libraries.

In regard to the eight special facilities examined, five are more widespread in white schools (the difference in some cases being very large); one is to be found equally in both groups; and two are slightly more prevalent in Negro schools.

#### FACTS AND FIGURES

The same picture obtains in junior high schools, which are compared with regard to twelve special facilities. The score: X schools better than Y schools—one; even—five; Y schools better than X schools—six.

Thirty-eight per cent of the Group Y (white) schools have dressmaking rooms; they are to be found in exactly none of the Group X schools. All of the schools in Group Y have domestic science rooms, while only 67 per cent of the Group X schools contain this facility.

Even the one facility in which Negro schools exceed white schools reveals a great deal: 11 per cent and 8 per cent re-

spectively of the two categories have roof playgrounds.

Roof playgrounds are unusable in the winter and are obviously inferior to indoor gymnasiums. The figures in this case reflect the fact that gymnasiums are lacking in 11 per cent of the X schools, as compared with the 100 per cent affirmative scored by Y schools.

How do such facilities in Negro schools (when they are present) compare with those in white schools as to adequacy?

The authors of the report interviewed the principals of all the schools examined as to their rating of the adequacy of the facilities in their schools. Needless to say, much larger percentages of Y school principals rated their school facilities "adequate" than did X school principals.

They were questioned with regard to seventeen facets of school life, the ones mentioned above plus such others as classroom clothes closets, lunchroom space, toilets, etc. Greater satisfaction was expressed by Y school principals than X school principals over the adequacy of all 17 categories in the case of elementary schools, and 13 out of the 17 in the case of junior high schools.

#### SECOND-CLASS SCHOOLS

The second question the report asked in respect to the schools was: "Are Group X schools maintained as well as Group Y schools?" By "maintained as well," the report means "renovated and painted as often."

One would expect the answer to this question necessarily to be "at least as well, if not better," given the more ancient character of the physical plant of X schools, a condition which obviously requires them to be repaired, renovated and painted more often. One would think it inconceivable that schools requiring renovation more than others are renovated with less frequency.

It is the inconceivable, however, which occurs.

For elementary schools, an average of 9.8 years has gone by without renovation of those in the Y group; the average for X schools is 17.1 years. The comparable figures for junior high schools are 0.7 and 4.3 years respectively.

Moreover, some Negro schools are in such poor condition that only complete renovation, or even reconstruction, could make them satisfactory, the report says. The study does not indicate that any white schools are in this condition.

Thirdly: Are teachers in Group X schools as competent as those in Group Y schools?

Taking tenure, probationary status and substitute status as the criteria of competence, the report answers this question in the negative. In addition, it points out that there is a much greater turnover of teaching personnel in Negro and Puerto Rican schools.

#### INFERIOR OPPORTUNITY

Fourthly: Are the class-sizes the same in the two groups?

Excluding special classes (CRMD classes for retarded children and IGC classes for gifted children), the average class size in Group X (Negro and Puerto Rican) schools is larger than that of Group Y (white) schools; 35.1 pupils per class in the former and 31.1 in the latter. In "difficult" schools the figures are 34.2 and 29.5.

According to the Board of Education's own standards, which are highly questionable, the "optimum" class size should

be 32.4 for average schools and 28.0 for "difficult" schools.

To only one of its questions—"Are Group X schools served as well by the special school services as those in Group Y?"—does the report answer in the affirmative. This question refers to the special classes (CRMD and IGC) mentioned above, and X schools have more of them than Y schools.

The report also finds that there is no appreciable difference between the per-pupil cost of education in the two categories, in regard to instructional and administrative costs, but that at the elementary level, Group Y is favored over Group X in regard to the maintenance portion of the budget. For some categories of educational expenditure the report was unable to obtain significant figures from which to draw conclusions.

Given this situation, it is no surprise that the question, "Is the average pupil achievement in Group X schools the same as in Group Y schools?" receives a negative answer.

In terms of standardized tests in reading and arithmetic given to specified grades, pupils in Negro and Puerto Rican schools learn less than the children in white schools. The clear and obvious discrimination against those Negro and Puerto Rican children who attend segregated schools, the obvious inferiority of educational opportunity available to them, cannot but result in lesser scholastic achievement.

#### CLASS DISCRIMINATION

The above facts speak for themselves. Schools attended by overwhelming concentrations of Negro and Puerto Rican children are treated as second-class schools and their pupils as second-class children by the Board of Education.

Such conditions cannot be "accidental"; that year after year the school officials who draw up the priority listings for school renovation and for new school construction could accidentally favor white schools and white neighborhoods is impossible.

The existing situation can only result from Jim Crow attitudes on the part of some school officials, and from one additional factor, which intermeshes with Jim Crow.

**Racial discrimination and class discrimination often go hand in hand. It is no secret to anyone that in building new schools and in keeping old ones in good repair, middle-class "nice" neighborhoods receive preferential treatment over working-class neighborhoods, and especially over slum areas.**

Thus working-class children, especially the children of the most economically depressed sections of the workers, are discriminated against. Since Negro workers are in general among the most economically depressed sections of the population, their children suffer the worst kind of discrimination in schooling as a result of class bias alone.

When Jim Crow is added to this the results are the ones we have seen above.

#### "IN THE LEGAL SENSE"

The obvious racial bias provides a clue to the problem of whatever school officials consciously segregate schools, a clue which the report does not even think of using when it deals with the second aspect of its study. For the report does not even recognize that the inequality which it describes proceeds from bias.

How about segregation? As we have already stated, the portion of the report concerned with this question replies negatively to it.

It is true that what segregation does exist is obviously markedly different from what is to be found in the South. For one thing, segregation below the Mason-Dixon line is "legal," i.e., written into state law; the opposite is to be found in New York.

The report makes much of this; indeed, it evasively finds "no segregation" on this basis. It says: "in the strictly

legal sense of the word there is no such thing as segregation."

And again: "There is nothing in the law or in the rules and stated policies of the Board of Education of New York City to indicate that there is segregation of children into separate schools." (Emphasis added.)

**This is a real difference, to be sure, and not an unimportant one, but it hardly settles the matter. Nor does the fact that while in the South school segregation is total and universal, in New York it is not so.**

To be sure, while there are quite a few schools in New York in which no Negroes or Puerto Ricans are found (112, to be exact) and a few containing no continental white, most schools have at least a few of whichever group is the minority in the particular school. Nevertheless, a school with a 90 per cent or over enrollment of either group is one in which separation of the races exists to an extremely high degree.

#### ZONING FOR BIAS

The report does not give any information on the percentage of Negro children attending such schools, but that percentage must be a large one. Of the city's 639 elementary and junior high schools, 445 (or 71 per cent) enroll 90 per cent or more Negro and Puerto Rican children, or 90 per cent or more continental white children.

The report discusses the matter in the following fashion:

Since schools in New York are neighborhood schools, those located in the heart of the Negro ghetto are necessarily X schools. The problem of whether or not there is segregation arises only with respect to fringe areas where Negroes and whites meet geographically. In such areas school zoning practices are decisive.

School officials can do one of three things: zone in such a way that segregation results; zone in a fashion making for integration; or ignore the segregation-integration possibilities and zone without reference to these.

The report claims that school officials actually do the last of the three, that they use as criteria for boundary lines the ones generally used, keeping the distances a child must walk down to a minimum, avoiding traffic hazards, or poor topographical features such as steep hills, etc.

The report offers no evidence for this assertion, other than its statement that this is what it concluded from talking with school officials.

#### WHITEWASH?

It is this conclusion which has been described as a "whitewash" by some militant fighters for Negro rights, who charge that some school officials deliberately gerrymander district boundary lines to achieve segregation. While we have not been able to obtain detailed evidence for this charge, its accuracy is palpable.

For otherwise, how would it happen that so many schools in "fringe areas" are segregated ones? Accident? Highly unlikely, especially when the disparate treatment accorded Negro schools and white schools obviously from Jim Crow policy.

Moreover, in some fringe neighborhoods, "permissive areas" exist; parents are allowed to choose between two schools. This, says the report, is a "device which may be used to foster ethnic separation."

In addition, there are indications that in such fringe areas transfers are easily obtained by parents of white children attending a school with a Negro and Puerto Rican concentration to a school with an overwhelmingly white enrollment.

Such parents may not necessarily be anti-Negro, to be sure, for given the likely differences between the two schools in terms of physical condition and facilities, the parents may just want their children in a better school. The result,

(Turn to last page)

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## Anti-Imperialist Ferment of Arab Peoples Knocked Out U.S. Plans for Mid-East Pact

# Look Over JORDAN

By AL FINDLEY

Recent events in Jordan once again underscore the fact that we are living in an age when people who have long been considered as still asleep in the 17th century are awakening and beginning to play their own role on the world political scene.

This is evident from the tug-of-cold-war that has been going on between the U. S.-British project for a Middle East alliance (METO, Baghdad pact, etc.) and the corresponding Russian countermoves which led to the Egyptian arms deal. All this is the background for the latest political riots and ferment in Jordan.

The Hashemite Kingdom of Jordan was formally made independent in 1946 and admitted to the UN, but it was rarely thought capable of taking action independently of Britain.

Jordan indeed is one of the most unnaturally carved-out states on the globe. Historically it was a part of Palestine and Syria. The Balfour Declaration and the League of Nations mandate accepted it as a part of Palestine.

England, acting through its two leading pro-Zionist politicians, Winston Churchill and Herbert Samuel, detached it from Palestine (under the name of Transjordan) placed Abdullah, one of the sons of King Hussein, on the throne, as emir. However, for practical purposes Transjordan still remained part of Palestine. The English high commissioner in Jerusalem ruled it and the Palestinian treasury financed its government.

An almanac describes the country as follows: "At least 95 per cent of the total area is desert." Life is primitive; there are estimated to be 50,000 nomads and 120,000 semi-nomads; at least one half the population is believed to be illiterate; cultivated land is limited to the relatively small area west of the Hejaz Railway...

In 1946 Jordan was declared independent and in May of that year Abdullah was crowned king. The proclamation did not and could not change matters essentially. The country remained under the control of England and dependent on her. It remained without industry or agriculture and therefore lacking in the basis for independence.

Defense of the country was entrusted to the British-trained Arab Legion of 15,000 men under the command of that famous "Arab" general Sir John Glubb. The Anglo-Transjordan treaty of 1948 included mutual assistance provisions which permitted Britain to maintain air force units there. Jordan receives an annual subsidy of \$22 million from Britain.

### ABDULLAH'S DREAM

Like his father before him, Abdullah dreamed of becoming ruler of all the Arab states. Dynastic ambitions like these on the part of the Hashemites, the Saudis, etc., are still an important factor in the politics of the Arab ruling classes.

Abdullah set out to use the meager resources of Jordan as a base of operations. Seeking to take advantage of the growth of modern nationalism among the Arabs, he proposed the creation of a "Greater Syria" composed of Iraq, Syria and Jordan, looking eventually toward a wider Arab unification.

During the Israeli-Arab war, Abdullah invaded Western Palestine and the Arab Legion occupied all that remained of the UN-projected independent Arab Palestine and the Old City of Jerusalem. In 1950, defying the other Arab states and threats of expulsion from the Arab League, he formally annexed these territories to his kingdom.

The annexation not only added territory to Jordan but above all it added developed territory, including urban centers and such large cities as Jerusalem.

At the same time Abdullah conducted secret negotiations with Israel for a separate peace treaty. Had these negotiations come to fruition, the recent history of the area might have been much less bloody. But in spite of many press leaks, no treaty was signed.

Both sides contributed to this negative result. Abdullah was not too eager because of Arab opposition both externally

and internally. Israel at that time was dominated by a pro-Egyptian orientation, i.e., the policy of dealing first with Egypt as the most powerful of the Arab states.

The assassination of Abdullah by an Arab nationalist as a protest against the negotiations ended that phase of the



ABDULLAH

peace efforts and took the issue of Israeli-Arab relations away from the rulers of the states. The rulers could no longer do simply as they willed. They had to take into consideration the new flames of exacerbated nationalism.

Jordan faced a new internal force: 900,000 Palestinian Arabs (inhabitants of the territory plus refugees) had been annexed and these were now a majority of the people of Jordan by force of simple arithmetic, making up about 60 per cent of the population. Above all, they are more developed culturally and economically than the original citizens of this "constitutional" monarchy.

The Palestinian Arabs consider themselves discriminated against, their interests neglected. Though a majority in the country, they are always a minority in the government.

This spirit of dissatisfaction and opposition continued even when four Palestinians were in the cabinet. The growing split resulted in a firmer stand by the Jordanians: they deprived the Palestinians of important posts.

### MAGINOT LINE IN BAGHDAD

The preceding is a thumbnail sketch of the situation in Jordan up to the recent sharp outbreak of the Middle East crisis when the cold war between the Russian and Western imperialist camps focused on the Middle East.

For years the U. S. had labored to establish a Middle Eastern alliance system similar to NATO in Europe. Finally,

with the blessings of the State Department, England assumed leadership and the Baghdad pact came into existence. This alliance was supposed to erect a "Northern Tier" of allied states to "protect" the Middle East.

This paper Maginot Line, embodying so many years of hard and diligent work by Washington and Whitehall, soon suffered the fate of the real Maginot Line. The Stalinists "leaped over" this barrier, which was no barrier, and made their arms deal with Egypt. They gave aid to the Arab states opposed to the alliance—Egypt, Syria, Saudi Arabia.

In order to save its grand edifice, the West decided to reinforce it by the formal addition of Jordan. After Jordan was included, the pressure could be put on Lebanon and a frontal attack could be made on the Egyptian-Syrian-Arabian alliance supported by Russia.

Getting Jordan into the Baghdad alliance looked like a pushover. On what other state in the region could Britain rely so easily? When London sent Sir Gerald Templer to Amman, the capital, it was assumed that his mission would be a mere formality.

It would have been, if he had had solely to reckon with the government of Jordan.

The government machine went into action, as did also the forces of the opposition. There were rumors that the three anti-Baghdad Arab states had promised to pay Jordan the subsidy given by Britain. There were also rumors that England had promised to double its support. Jordani politicians angrily denied that the Arab states had offered anything in the past or present.

An agreement to renew the old subsidy was signed and the way seemed clear to ratification of Jordan's adherence to METO.

### MASS PROTEST

While the government machinery went into action, the Arabs in Jordan began to carry out a violent protest. A series of demonstrations and riots swept the country. The government was forced to resign and place the country under a caretaker government that promised not to join any alliance until after the spring election.

Most of the demonstrations took place in the Palestinian sector of the country and were led by Palestinian Arabs.

The official Jordani viewpoint was that these demonstrations were fomented by paid agents of oil-rich Saudi Arabia, aided by Stalinists. The official Israeli position is one of contempt: that the majority of the demonstrators did not even know what it was all about but just seized an opportunity to riot.

The truth of the matter is that the Palestinian Arabs were expressing deep political feelings. There are over 600,000 of them, a relatively advanced and politically articulate force. Almost 250,000 of them are refugees and very much embittered. Especially are they angry at the U. S. for what they consider its support for Israel and Zionism. Undoubtedly the addition of propaganda from Egypt, the Stalinists and Saudi Arabia helped give them the strength to carry out their opposition.

What has been the net result of METO in the big-power rivalry? For one thing, it has split the Arab world. Not, however, in such a way as would make it easier to rule both but in such a way that they will attempt to compete in nationalism and anti-colonialism.

Exploiting the success of the Arab population in preventing Jordan from joining the Middle East pact, the three associated Arab states of Egypt, Syria and Saudi Arabia announced next that they were uniting their armies into a single command, and they formally offered Jordan economic support to free it from "the clutches of foreign imperialism."

The Stalinists too are trying to exploit these events. They went so far as to give them a prominent position in the speech by Khrushchev to the Supreme Soviet, where Jordan's actions were praised.

In this speech Khrushchev went further and denounced Israel as aggressive and a tool of imperialism from the first day of its existence. He was closing his eyes to that part of the record which might remind his auditors that Israel was born out of a partition supported by Moscow and in military conflict with England.

### STALINIST LINE

The real Stalinists have no difficulty in following Moscow 100 per cent in supporting dictator Nasser or the absolutist Saud as "peace-loving" and "democratic." On the other hand the Zionist Stalinoids (like Mapam and Achdut Avodah in Israel) have little difficulty in opposing this view since they are Zionists first and Stalinoids afterward. But a real poser is presented to the "independent" "non-partisan" Stalinoids like B. Z. Goldberg, the daily columnist of the N. Y. Jewish Day and Morning Journal who is perhaps the cleverest of the pro-Stalinist apologists.

Fundamentally these latter support Moscow but it would be hard for them to get their Jewish audiences to accept this line. Goldberg tries to sugar-coat it. In discussing the Middle East, his method is to be "objective" about Russia, describing the facts, but when he deals with the U. S. or England he turns to a propagandistic raking-up of all the just grievances of the Jews against these powers.

In discussing the Jordani events, Goldberg points out that the demonstrations were directed against England and the U. S. The Palestinian Arabs, he goes on to claim, have "conducted a fight against England for years and years." What fight? He forgets to say. The only fight which they carried on for years and years in Palestine was their fight against Zionism and Jewish immigration.

The contradictions, flipflops and maneuvers of the Stalinists will not prevent them from taking advantage of the situation. The fact of the matter is that politically the local Stalinists will try to ride the developments as an anti-imperialist wave.

And it is an anti-imperialist wave, despite the liberal admixture of dynastic and power politics by the reactionary ruling classes of the Arab states. This fact must be the starting-point of any progressive policy.

It is easy to see why this should be incomprehensible to the British and American imperialists. But it is also not grasped by the present leaders of the government of Israel who claim to be socialists.

The Arabs can no longer, certainly, be considered as simply a backward people who are to be manipulated by outside pressures. The fate of the Middle East will be determined to a large extent by the new social forces arising within the Middle East, and not by Moscow, Washington or London.

N. Y. SYMPOSIUM ON THE MIDDLE EAST CRISIS

FRIDAY EVENING, JANUARY 13—at 8:15

## Which Way to Israel-Arab Peace?

Dr. ARIEH L. PLOTKIN REPRESENTING THE ISRAELI GOVERNMENT; LECTURER

MAX ALEXANDROVITCH OF THE CENTRAL BUREAU, JEWISH LABOR BUND

HAL DRAPER OF THE ISL; EDITOR, LABOR ACTION

ADELPHI HALL, 70 Fifth Avenue (near 13 Street), New York City

# Israeli Bund Warns of Trend to Preventive War — Israel in a 'Dead-End Corner'

We are gratified once more to find the close correspondence in views on Israel between our own (on the Middle East crisis, as expressed in LA for Nov. 14) and those of the anti-chauvinist Socialists of Israel—the Jewish Labor Bund.

The position of the Jewish Bund of Israel was expressed by Comrade J. Artusky, in the Tel-Aviv weekly of the Bund, Lebensfragen.

The Bund had called a special meeting of its organization in the country to discuss the war situation and adopted a number of resolutions.

Sections of Comrade Artusky's article follow, quoted from Usher Tsait and the Jewish Newsletter.—ED.

By J. ARTUSKY

... We won't go here into the argument that the tying up of the existence of the Israeli State with the Zionist aspirations to solve the world Jewish problem—propagating and carrying out the policy of Kibbutz Galuyot ["Ingathering of the Exiles"]—was bound to create a feeling of fear in the Arab states who saw in those aspirations the danger of territorial expansion on the part of the young, dynamic Israeli state. And we don't want to go on here criticizing the entire policy which the Israeli state applied toward the Arabs throughout the past seven years—a policy calculated not to bridge the gap between the two peoples, but actually to widen it. For instance, the negating of the Arab refugee problem and the discriminatory policy against the Arab minority in Israel, not to speak of the Kibya and similar atavistic acts which could not but strengthen Arab hatred, Arab nationalism and a corresponding thirst for revenge.

The leaders of the Israeli state often forgot that the state is surrounded by Arab neighbors, that it is impossible to live with neighbors in a perennial state of war or to establish good neighborly relations by the argument of sheer force. The Israeli leaders, and unfortunately also a large part of the Israeli population, lived by the delusion that the Arabs understood only the language of force, and they wanted to use that "language" to coerce them (the Arabs) into peace. ... By such a policy the Israeli leaders have not only deepened the abyss between Israeli and the Arabs, but they have also lost to the state the sympathy of many nations. Israel has thus moved into the dead-end corner of isolation. ...

It is this narrow-minded, provincial nationalism, which views everything through the prism of military power, that moved Ben-Gurion to deliver his haughty speech on Independence Day (April 27) in which he said that "our fate and our future will be decided not in the arena of international politics, but on our own front, on the front of security," and that "our future depends not upon what the Goyim [gentiles] will say but upon what the Jews will do." So the

Czechs arms deliveries to Egypt came to teach the very clear lesson that the fate of the Israeli state does depend, and in a very large measure at that, precisely upon what will be said and what will be done by the Goyim. ...

## OUR RESPONSIBILITY

Do the leaders of Israel seriously believe that by an arms race into which they are leading the country they will outstrip the Arab countries? An increased arming on the part of Israel will only increase the arming tendencies in the Arab countries. It is folly to believe that the million and a half Jews in Israel will be able to compete in a race with forty million Arabs. And if behind the state of Israel there is the Jewish people, let us not forget that behind the Arabs stand the hundreds of millions of people in Asia.

Let us not forget, too, that the policy of the state of Israel is largely responsible for the present rush of Egypt after Soviet arms. For years, we have boasted to the entire world that we have the strongest army in the Middle East, that our army is stronger than all the Arab armies together. We have translated these words into acts like Kibya, Gaza and others, where we have shown with deeds that we are stronger than the

Arabs. How can we raise objection to Egypt because she decides to answer with an attempt to strengthen her army? And have not our "activists" with their cries of a preventive war, of the occupation of the Gaza strip and the march to the historic frontiers, given reason to Nasser for increasing his arms?

## From the Resolution

In November the Bund of Israel called a special meeting of its organization in the country to discuss the war situation and adopt resolutions. The main burden of its declarations was against the spread of war hysteria and tendencies to a preventive war. This part of its resolution follows.—ED!

(1) Convinced that the Czech arms supplied to Egypt—a product of the rivalry of both world camps to rule the Middle East—pose a threat primarily against Israel, and have led to a deterioration in its security, the Bundist organization in Israel therefore condemns the armament race of the big powers in the Middle East, whether the arms are supplied by the Soviet bloc or whether they are supplied by the Western powers.

We denounce as hypocrisy the Soviet and Communist claim that the reactionary nationalist regime in Egypt is a

peace-loving regime that requires the armaments for defense.

(2) The Bundist organization believes it is also its duty to warn against feelings of panic and a tendency to preventive war, since such a war is dangerous to the existence of the state and to the lives of its inhabitants.

(3) The Bundist organization believes that the popular subscription drive and campaign that goes under the slogan of "Arms for Israel" is a harmful one. Such a campaign spreads war hysteria and leads the state into the dead end of an armaments race with the Arab states. The war sentiments are likely to undermine the democratic foundations of our state and strengthen the tendencies of non-tolerance for people who differ.

(4) The Bundist organization warns against the illusion that Israel will win the armaments race with the Arab world and that arms will guarantee the existence of the state. An Israeli policy of arming will only spur the Arabs to further armament, deepen the abyss of hate between the two peoples, and in the long run lead to a catastrophic outbreak of war.

(5) The Bundist organization categorically rejects the widely circulated view that war between Israel and the Arabs is inevitable. Starting from the position that only peace can guarantee the existence of Israel, that the attainment of peace must be the main aim of the state, the Bund dismisses out of hand the idea that a peace can be forced on the Arabs either by a policy of "activism" or of preventive war. Peace can be achieved only by reducing the tensions between the two peoples and by mutual concessions. ...

# War Economy Is the Prop — —

(Continued from page 11)

Miss Porter does not connect the "two massively significant things" (permanent war spending and foreign aid) with the unheard-of level of stability and prosperity that American capitalism, and American capitalism alone, has reached.

## PERMANENT DOLE

Miss Porter goes on to discuss foreign aid:

"Throughout our history it has been American tradition to be generous—but to restrict the generosity to one-shot, often impulsive actions. In emergencies we have often made sensational gifts and loans to other lands; at the end of emergencies, we have cut off the gifts and loans. ... And now begins the second decade after the close of World War II. And now it is no secret that in his key messages, the president will ask for a foreign-aid program of close to \$5 billion—up almost 100 per cent from this year's appropriation.

"Again the vital point is not the size of the budget. The vital point is that this is the level at which our spending for foreign aid is slated to level off and become permanent. ..."

The rest of the capitalist world is to be placed on a permanent dole. Five billion dollars are annually to be spent permanently to shore up the system abroad and at home.

## TO DEFEND CAPITALISM

But let us switch from Miss Porter, who is after all a New-Dealer, and glance at the "unofficial" Republican press, *Time* magazine. In an issue which named as the man of the year GM's Harlowe Curtice, we find the following thought in the first article:

"Upon the U. S. rests a responsibility, linked to, but greater than, its political leadership of the free nations in the cold war. It is obliged to represent before the world the moral and social postulates that underlie the free-enterprise system as now practiced in the U. S."

NoNw we do not want to alarm anyone but it is a known fact that a number of former Marxists of various shades work for the *Luce* publications; or is it conceivable that someone is writing with his tongue firmly in his cheek?

Consider: a responsibility rests on the U. S. greater than the leadership of the free world against totalitarianism. That is, there is a greater and more basic issue involved than the struggle of the free countries under U. S. political leadership. This issue is: the defense of the moral and social postulates of "the free-enterprise system as now practiced in the U. S.," i.e., capitalism.

This statement could be rephrased in a slightly different way: **The U. S. is engaged not so much in an attempt to lead the non-Stalinist bloc against Stalinism as it is engaged in an attempt to save and preserve its own social system, capitalism; or it is doing the one in order to do the second.**

This particular formulation, however, would be denounced as bordering on giving aid and comfort to the Stalinist bloc if it came from more radical sources. Can you just visualize the enthusiasm of the Social-Democratic masses of Germany, the Labor Party rank and file in England, the workers of the any social-democratic parties of the world who are now in alliance with the American camp, or even of parties well to the right of socialism, if it was explained to them that the leader of the alliance of the "free world" was concerned with defense of capitalism first and the rest came later. ...

However, to return to *Time* magazine: "An inescapable aspect of the U. S. economic prowess is the foreign aid program—one of the most extraordinary projects in world history. Originally conceived as an emergency measure, it has taken on the look of a long range policy"—that is, in the world of Dulles, "We consider that both the economic aid and the military aid will go on for a consid-

erable period of time at about the present level."

## BABBITRY

This is in part the same thing that Miss Porter said but now comes the more interesting section; again the possibility of that ex-Marxist's fine Italian hand cannot be entirely dismissed:

"Inside the administration itself, however, there exists a strong and growing feeling that government-to-government aid does not really get over the point of the economic system that makes these huge grants possible. Said a top official this week: 'What we need to do is to recapture to some extent the kind of crusading spirit of the nation's early days when we were darn sure that what we had was a lot better than what anybody else had. We knew the rest of the world wanted it, and needed it, and we were going to carry it around the world. The missionaries, the doctors, the educators and the merchants carried the knowledge of the great American experiment to the four corners of the globe.'"

This is so crude a statement of the worst kind of Babbitry, of that peculiar American jingoist brashness that upsets even the staunchest allies of the U. S., that it is surprising that it should be quoted with approval in a "responsible conservative" publication as the statement of a top official.

The internationalist Third Camp socialists have hammered away on two points: (1) that the American economy is shored up by a growing permanent war economy which is drifting into a garrison state; (2) that American foreign aid is imperialist in intent and that its basic purpose is to shore up capitalism abroad and save it at home.

It is nice to have the pro-capitalist press admit that it takes these propositions as a matter of course, unlike the ceremonial pronouncements about the glowing values of free enterprise.

## FOOTNOTE TO THE ECONOMY: CONSUMER CREDIT

By the end of October, consumer credit in the United States had reached the stupendous figure of \$34,640,000,000. The net increase of consumer credit during the year was \$4,515,000,000! In the whole of 1954 consumer credit increased only \$588,000,000, or one ninth of its increase during the first ten months of 1955.

By far the largest single item on which this credit is owed is automobiles. By the end of October 1955, Americans owed the staggering figure of \$14,095,000,000 on the family car or cars. During the past year alone they had increased their debt for such vehicles by \$3,699,000,000.

Home mortgages are not included in figures for consumer credit. By the end of 1955, the amount of mortgages outstanding on family-type homes had soared to a record-breaking \$86,000,000,000. In this area, the government played a major role, since the level of construction attained was made possible only by the government's willingness to buy up or reinsure a considerable portion of the home-mortgage market.

Although home mortgages are a claim on future income, like any other debt, they play a somewhat different role from the point of view of economic stability. People have to live in houses. Once the down-payment is made (if any), and the bank paid off (if the money for it was borrowed), payments on the 20- to 30-

year mortgage may be no greater than rent payments. In an economic downturn, property values could fall to a point at which people forced to sell their homes would not be able to recover anything like the amount they had "invested" in their homes. But then they wouldn't be much worse off than the person who had rented for years.

Of course, the very liberal mortgage terms offered may have induced many people to buy homes which are much more expensive than they can "really" afford (just as easy terms may induce a person to buy an Oldsmobile instead of a Chevrolet). This can have a really inflationary effect which would lash back in a period of decline in the form of a heavy drain on the banks and through them on the government through its mortgage insurance programs.

To summarize: The American people now owe \$34,640,000,000 in consumer credit, and \$86 billion in home mortgages, or a total of \$120 billion. Even in an economy with a total annual take-home pay of \$271,700,000,000, that is no small figure.

If the economy could continue to expand indefinitely with consumer credit expanding no more rapidly than the rest, this would probably not represent an unmanageable figure. But there is little reason to think this is possible.

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# Slump on the Way? —

(Continued from page 1)

The most menacing factor in the boom is the vast expansion of credit which has been indispensable to it. The fantastic outpouring of automobiles, to take the most spectacular example, was made possible by a reduction of down-payments and monthly payments beyond the danger point.

The same tendency has been shown in housing, though in that field there is at least a government guarantee of a considerable portion of the mortgage market. But the force-selling of automobiles appears to have about reached its limits, so that some of the biggest wheels in the industry predict a ten to fifteen per cent reduction in output next year from the 1955 figures.

A drop in automobile output of such proportions in 1956 would be very serious for the workers in the industry, and would spread out to workers in many industries related to automobile production and through the economy generally. The same could be true about other major consumer durables and even the home construction industry, without necessarily making a radical change in the long-term post-war economic tendency.

In other words, we could have another "inventory recession" such as that of 1953-54 which simply means that there was a temporary over-production in consumer goods. A few months of under-production, however, could take care of that.

What bothers some economists, however, is the thought that the American economy may be reaching the end of a long-term expansion of producer goods.

The continued investment in plant and productive capacity generally was a strong factor, along with the war economy, in overcoming the previous post-war slumps. The automation boom may lead to a further retooling in many industries which will keep things humming, through ups and downs, for another stretch.

## NEVER-ENDING?

But what happens when that is over? What happens when a goodly portion of industry has been expanded, re-equipped, rebuilt and automated? Can that be a never-ending process?

There certainly is not enough information on hand to permit a prediction as to whether we are approaching the end of a major industrial capacity expansion cycle, or will have reached it at the end of this particular boom.

The fact is that the 1955 production "miracle" in the automobile industry went hand-in-hand with an enormous construction program, and that plans call for the major conversion to automation to be completed by the time the new models come out at the end of this year. If both production and plant expansion are cut back drastically by the end of the year, the impact will be a good deal greater, more serious and longer-lasting than would be the case if the cut-back came in auto production alone. The same principle can be applied to other industries as well.

But even if there is bound to be some kind of a slowing of the boom—and even if, sooner or later, the rapid expansion of production facilities which has characterized the post-war period will also be

## CHALLENGE

(Continued from page 5)

However, is separation of the races.

When this is taken together with the indications which point to the inability, or at least relative difficulty, of Negro parents to obtain transfers of their children to a better school (which will, as we have seen, almost always have an overwhelming white enrollment) the evidence for conscious Jim Crow policy is pretty strong.

Even if one were to agree with the report to the effect that school officials do not consciously segregate, one would still be left with the fact of huge inequality between the two groups of schools and with the fact that school officials do not, as they should, stimulate integration.

But this most favorable (to the Board of Education) conclusion is highly unlikely. Anyone who thinks that this Board of Education and this Democratic municipal administration will put an end to the practices that exist has to first ponder the problem of how they got to exist under this board and administration, to begin with.

cut back sharply—won't the war economy keep things on a fairly even keel for the economy as a whole?

That depends on what one means by an "even keel."

The fact is that the economy as a whole has expanded far faster, since at least 1952, than its military sector. The tendency has been toward a reduction in military expenditures and even more in military personnel as the weight in the armed forces is shifted more and more toward the high-cost, low-manned air force and electronic weapons.

## CUSHION

Thus, barring another shooting war on the Korean model, or bigger, the ratio of the war economy to the rest of the economy has shown a tendency to decline.

Of course, it remains far bigger than it was before World War II. In fact, together with other forms of government expenditures, it remains such a huge factor as alone to exclude any collapse on the 1930 level, no matter what happens in the rest of the economy.

But as the ratio of the armament sector to the rest of the economy declines, so does its effect as a cushion for periods of contraction, stabilizer for periods of stagnation, and accelerator for periods of upswing.

Thus, even if the military "cushion" has been quite adequate to absorb the shock of a ten-foot jump in the past and prevent it from seriously injuring the jumper, that does not mean that it will

be adequate to cushion the shock of a twenty-foot jump.

If one tries to assess as closely as possible the probabilities for the immediate future (and beyond that it is wise to confine economic predictions to a description of the factors at work, as we have tried to do here), the effect of politics on the economic sphere will obviously enter in as a major element.

It is safe to say that the Republican administration will do everything within its power to prevent even a minor slump from hitting before the elections this fall. It seems that they will come to Congress with programs for expenditures which would have appeared as rank heresy at the beginning of Eisenhower's rule. They will demand more for the farmers, more for schools, more for every kind of prop to the economy they can think of.

## TENTATIVE CONCLUSIONS

But there is a gap between demanding, getting, and spending which is not too easy to bridge. After all, many of the men in charge of the various departments will be going contrary to their deepest convictions as businessmen in trying to put over the programs dictated by the crassest considerations of political expediency. And even if they can get the programs passed through Congress, the administrators with whom they have staffed their departments will find it much harder to hand out the bounties with the uninhibited sweep which came

# Economy Is Grinding Gears — —

(Continued from page 1)

would suffer a decline of that size. The auto industry will get 3 per cent of the gross in 1956 as in 1955, but that means at least 1,000,000 fewer vehicles: This is what he said.

Ford economists likewise predict a decline. George Romney of American Motors predicts a deeper cut than Curtice. L. L. Colbert of Chrysler talks about another good year, but avoids detailed figures.

*Iron Age* magazine, basing itself on steel orders for the auto industry, says production cutbacks will reduce calculated output for 2,370,000 cars in the first quarter of 1956 to an estimated 2,050,000. It also has a special editorial in the current issue asking the question "Why all the worry?" Don't take auto cutbacks too seriously; don't rock the boat, etc.

What this means in the first instance is more layoffs at Ford, General Motors and Chrysler. These have already begun. And some plants are working short work-weeks not due to holiday season.

## REALISTS

In this age of wonders-never- cease, it is something to read a column by the conservative New York Times columnist Arthur Krock which on December 30 discussed more realistically the precarious state of the auto industry and the national economy than do the labor economists. The \$14 billion car-buying credit, plus the huge inventories now existing, spell trouble for the auto industry which will reflect itself in other sectors of the economy at least to some extent. In fact, the situation is somewhat more critical than we first projected in last week's article in LABOR ACTION.

For the auto industry, the first half of 1956 is in the nature of a "holding operation." The big auto production and big increase in sales is expected next fall when drastic new 1957 models are scheduled for a very early introduction. As a rule they will be more radical in design and mechanical features than the 1955s which accounted for the revival of the industry from the 1954 recession.

With the spotlight turned on the auto industry sales campaigns, it is not likely that the kind of stuff GM and Ford got away with in 1955 will be repeated so easily in 1956. Nor will the fantastic credit terms be allowed, since banks already are clamping down.

The jigsaw puzzle of economic prospects took on a curiously-and-curiously look with the publication this week of the National Industrial Conference Board's annual economic forum. In summary form it said: "The year 1956 as a whole will yield the highest economic activity, the largest national output and the greatest volume of industrial production this nation has ever known."

In the same story in the New York Times, why does the Ford economist predict a decline of 900,000 car sales? Or

more naturally to the men who preceded them in office.

If the tendencies of the boom itself, helped along by the actions of the government, keep things roaring along into next fall, the break, whenever it comes, will tend to be much sharper than it would be if things were slowed down now according to the best precepts of Keynesian economic policy.

Thus, we can reach certain kinds of conclusions about the economic future of American capitalism, and, with it as the dominant one, of the capitalist system as a whole.

If the boom shows any tendency whatever to slacken off, the government will do its utmost to boost it along till the fall. If they are successful (and with both parties pushing for it, there is little reason to think that Congress will stand in the way), they should be able to prevent any drastic break in the prosperity at least till after November 2.

By next fall and winter, the chances are that economic activity will have begun to slacken, and unemployment to rise markedly. (It should be noted that employment figures, though high, have failed to keep pace with the boom, and unemployment has remained higher than in any previous boom period.)

How long and deep the post-boom drop will be, no one can say now. But it should be watched very closely. There is absolutely no guarantee that it will "saucer out" like the 1953-54 recession.

Aside from the war economy, the factor to be watched most closely at that time will be the rate of industrial construction and investment. Thereby will hang the tale.

why does the economist of the F. W. Dodge Corporation say that a 6 per cent volume increase in commercial building is expected along with a 10 per cent decline in housing starts?

And why does the economist of the U.S. Steel Corporation say: "We have never brought ourselves up to a peak of full employment and credit inflation on the basis of rapidly expanding credit, and not suffered some kind of adjustment"?

Why does the economist of Dupont project a 5 per cent decline in textile production in the second half? And by no means least, why should Dr. Edwin Nourse refer to "the seriousness and persistence of the maladjustments that have accumulated in the agricultural sector"?

## WHY THEY'RE NERVOUS

Surely this nervousness is hardly necessary if 1956 is going to top 1955. Surely the labor economists must be right, and we skeptics must be wrong. Perhaps the national economy is now stronger and more solidly based than it was 25 or more years ago, due in large measure to the national economic impact of trade unions in collective bargaining and to some extent on legislation. This is the fundamental viewpoint of the labor economists as expressed in the *Economic Outlook*, December issue.

On the other hand, maybe there is something to the views expressed, not by us prejudiced Marxists, but by responsible and solid citizens like Dr. Paul H. Casselman, whose book *The Economics of Employment and Unemployment*, published by the Public Affairs Press, has just appeared.

He reminds Americans that some American slumps have come from crises in English and German capitalism; that no coun-

try is exempt from the economic consequences of tariffs, trade barriers, surpluses or other catastrophes overseas.

Quite brutally—almost Marxist in tone, come to think of it—Casselmann points out that only twice in history has capitalism achieved full employment and that was in case of war or the threat of war. In a country where 800,000 aircraft workers in a 12-billion annual business depend on war work for jobs, this idea shouldn't be too shocking. Nor can World War II or Korea be forgotten for their impact on the American economic crises that somehow fail to get mentioned in the labor economists' basic viewpoint.

Casselmann makes this challenge: "The supreme test will take place when the economies of the world depend on normal effective demand to maintain themselves, and when artificial stimulants of economic activity by war, the threat of war and the preparation for war have ceased."

Viewed from that standpoint, American capitalism in 1956 won't look so good. In fact, it won't even look as good as 1955, which could hardly be called the millenium, in spite of the eulogies given to its man of the year.

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