

# SWP

# discussion bulletin

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ON THE DRAFT RESOLUTION

By Harold Robins

The central error of the Draft Resolution submitted by the PC for adoption at the coming party convention lies in this: instead of directing the party's attention and efforts to propaganda and agitation campaigns in the arena of developing class conflicts, it minimizes our possibilities and warns us to hold back from trade union struggles. The Draft improperly evaluates possibilities for revolutionary socialist work there.

The Draft directs the party's attention to "the 1960 presidential election as the next major political action" (point 33 of the Draft), while at the same time it says (point 32) "We cannot bank on any immediate basic change within the mass movement." A correction of perspectives for party work is required in order to take advantage of the changes in social conditions.

What is the "basic change" that the Draft awaits? It does not say.

There have been a number of "basic changes" in working-class conditions and class relations that differ markedly from those prevailing in previous periods. These changes offer us the possibility for reversing the trend that caused the party to lose a great many connections with the working class. If we intervene in the mass movement we can become the center for the emerging radical left-wing movement in the coming period, and we can also become the socialist center for the class struggle fight against US imperialism.

We should evaluate as a basis for action three inter-related changes that have developed and which the Draft minimizes.

1. There is the emergence of the greatly enlarged army of permanently unemployed workers. Rapid worsening of their living conditions has resulted in pauperization and intense misery for more than a million families. The present rise in production although it reduces the number of unemployed to a limited extent fails to absorb this army of unemployed workers. (According to a May 10, 1959 press release of the Bureau of Labor Statistics unemployment rolls dropped by 735,000 from mid-March to mid-April but employment in manufacturing rose only 30,000.) Although employment fluctuates the unemployed army is replenished from two major sources, the influx of young people and from layoffs due to productivity changes in the factories, mines, offices, agricultural and other establishments. The destruction of formerly relative economic stability for millions of workers is a

"basic change."

2. There is a general feeling among the workers, that those now employed may be dumped into the ranks of the unemployed at any time. These moods are particularly strong in those sections hard hit by automatic production changes. Previous moods of conservatism which bolstered class stability are changing to moods of uneasiness and instability. These moods influence to varying degrees, millions of workers disturbed by the advances of revolutionary technological developments. Isn't that a "basic change" in workers moods?

3. Even the moods of the ruling class have undergone a sharp change on the question of resisting further wage concessions, and unemployment compensation concessions to the workers. The Draft calls attention to employers' resistance to wage concessions but it gives absolutely incorrect reasons to explain it as we shall soon see, and it tends to minimize the possibilities for a party campaign on the fight for extended unemployment compensation benefits through trade union action.

These three "changes" are the pre-conditions for further changes which we can help bring about. They are the developments upon which we can initiate a dual campaign. First, to convince the workers, primarily in the trade unions, to move the unions in a push for legislative action for relief of the unemployed workers, and, second, to convince them to fight for contract changes for the same purpose.

The PC proposed a legislative campaign calling for emergency action to provide extended unemployment benefits and shorter work day legislation in connection with the April 8, Unemployment Conference of the trade unions. These legislative demands should now be tailored for introduction in local unions. We should aim at utilizing the popularity of unemployment relief issues in order to end the passive attitudes of the membership and the official policy of tail-ending capitalist parties. We should advocate supplementing the present lobbying setup by other actions of the unions, ranging from resolutions proposing higher unemployment demands to workers' demonstrations for legislative action.

With such a campaign the party would meet with a minimum of resistance and win the approval of workers. It will be more difficult than usual for the trade union bureaucrats to block consideration of resolutions when the workers support our proposals. Any sort of success that we have with this campaign would tend to strain the ties of the trade unions with the capitalist political parties. It could do more to create the pre-conditions for labor party developments than all our elections campaigning and electoral blocs have been able to achieve to date. It will win

us wider support for our own electoral campaigns and develop and extend our ties with the working class and with those radicals we will attract by our unemployed campaign.

In the trade unions the demands for the shorter work week, improved supplementary unemployment compensation benefits, and restrictions on overtime work while there is widespread unemployment in the particular industry are popular demands for this period. Almost half of the major contracts come up for renegotiation in 1959 according to the US Labor Department. The AFL-CIO publications have called for control over the introduction of new automatic production equipment. The SWP should demand that they live up to this program.

Our demands would run into sharp opposition from the trade union leaders who follow quite different practices. Introduction of specific resolutions in the unions depends upon the militancy of the workers generally. The anti-union offensive of the employers and the effects upon the workers of inflationary price rises tend to bring the trade union membership into action in this period. Under such circumstances we are in a better position to press for adoption of left wing contract demands.

The purpose of these two proposed trade-union campaigns which the party press should spearhead, would be to popularize the elementary demands for protection of the workers' living standards and job rights. The socialist propaganda aspects of the campaigns should be directed in large measure at the "welfare state" policies that lead to pauperization of the workers on the one hand, and to subsidizing, enriching and supporting the parasitic ruling class on the other hand. We should direct our fire at the greed and heartlessness of the ruling class and their government, and the treachery of their agents in the workers movement.

The argument raised by leading comrades that the workers will demonstrate when they are ready to fight by building left-wing trade union formations and advocating labor party resolutions in the unions skips over the realities of present day developments. It is precisely sharp changes in the economic status of the workers, and widespread fear of unemployment among employed workers (plus the attacks of the employers and their government) that furnish the pre-conditions for the formation of the left-wing in the trade unions. The initiative of our Detroit comrades shows the road for building a left-wing, but the line of the resolution skips over such possibilities of developments and neglects advocating such actions.

Apparently without realizing it, the authors of the Draft seem to be saying that the course of historical development does not yet correspond to its authors' pre-con-

ceptions of the norms of development. It would of course be a very fine thing if the working class faced with basic changes in their conditions and outlook produced left-wing formations. But since these groupings are not yet upon the arena, then what? Shouldn't we campaign to build them?

Perhaps it is a historical peculiarity of this period that the development of the revolutionary party in the US requires that the party spearhead the campaigns that will organize a left-wing in the unions. It was the radicals in the 1930's who organized the unemployed workers when the conditions were ripe. The emergence of left-wing groupings followed later. There was no spontaneous left-wing development that built an unemployed movement.

Today, with the radicals in isolation, workers formations bureaucratized, and the working class atomized it would take profound revolutionary conflicts to bring about the spontaneous emergence of left-wing formations. Or do the comrades who wrote the Draft Resolution think that left-wing formations will appear upon the scene spontaneously? Or like Pallas Athene spring full grown from the brow of Zeus?

The record of the old militant trade union groups is clear. With the emergence of the automation developments they were faced with tasks posed by social developments and where they were not broken up by government and trade union bureaucratic collaboration they just folded up, protesting every now and then, and tagged along at the heels of Reuther and Co. who retain the initiative despite one betrayal after another of the workers interests.

We are all in agreement that in the unions and in society, the workers are faced with a crisis of leadership. We Marxists know that we must intervene in the class struggle under the conditions imposed by the times. Let us examine the Draft Resolution to see how it meets the needs of our movement under present day class struggle conditions.

The Draft points to the employers offensive against the unions in point 16, as follows: "To preserve high-level profits under conditions of declining production the employers and their government are mounting an attack on the alleged 'wage-price' spiral."

How are we to make any sense out of such an explanation of the employers offensive? The underlined section should be completely removed. It misses the mark and explains nothing. Production is rising, not declining, it has passed previous record high levels. Profits for the first three months of the year are reported to have topped all records according to the New York Stock Exchange. The explanation of the Draft partly fits the 1958 depression period. But it

doesn't fit today, or tomorrow.

The present anti-union offensive is undertaken because of the changed relations of class forces; the bosses now have the swollen reserve-army of the unemployed available for use against the unions. This reverses the condition that prevails when there is relatively full employment. During high employment periods the workers make wage gains which the ruling class grudgingly pays. Now things are changed and the bosses are united in order to get the most out of the new situation. The fight is over the division of new value created. This is the primary motive for the offensive, but not the only reason.

The steel negotiations are the next major contract negotiations. The union leadership is demanding productivity wage increases. The entire capitalist chorus from the president of the US all the way down the line to the level of the employers' associations there is a propaganda campaign designed to convince every ignoramus who has ever learned how to read and write that the inflation which is undermining living standards are stable values is caused by high wages and particularly by any further wage increases.

The success of the capitalist counter-offensive will set the major patterns for the next few years. In this developing conflict our party is still floundering. We have no campaign in our press to counter the employers' offensive, nor is the Draft any help in filling that lack. In one respect only the paper has improved, in beginning to report on economic developments that have resulted in unemployment, but its line is a commentators line and not a campaigners line in the class struggles of the period.

When inflation is seriously discussed in top level ruling class circles there is no mention of so-called wage inflation. I will refer to some reports that clearly indicate this. But first of all it might be well to compare the present drive against wage increases with similar drives in the past.

During World War II the employers and their government, faced with the problem of regimenting labor raised the cry of "wage-inflation." They imposed wage, price and job controls. The trade union leaders helped them police the workers' movement.

With the abolition of these controls after World War II the capitalist cry of "wage-inflation" had widespread sentimental support among the bosses but the class relations favored trade-union gains generally. During the war period inflated prices ran well ahead of lagging wage increases. Now once again the top government, top capitalist administrators have united the ruling class circles to stop or slow

down further wage increases. The bosses whose credit and currency inflationary policies have been driving up prices (despite the counter effects of lower cost trends due to productivity increases) these capitalist speculators try to place the blame for their crimes on the workers. Basically, what is involved is the attempt to get greater masses of surplus value. For the top capitalist administrators that increased accumulation is designed to serve to finance US industrial investments at home and primarily abroad.

In dealing with views on inflation it might be enlightening to quote the point of view of the Committee for Economic Development, a private organization of top level capitalist administrators in a new pamphlet dated April, 1959, which states: "It may seem odd to put inflation in so ominous a list. We have survived inflations in the past. But never before World War II did we have the prospect of inflation in the conditions that now prevail. First, there is the general expectation, realistically based on public policy, that the price level will never again go down. Every little bit more of inflation leads only to the expectation of still more, not of a reversal. Second, there is a tendency to turn to the government to solve problems by direct control of the economy. Steps on the road to direct controls of wages and prices are already being discussed. Together, these facts create the danger that we cannot have a little, gradual inflation. Unless it is stopped, inflation may well cumulate to the point where government will intervene in an effort to end it by direct controls. And, even though not effective in stopping inflation, this would be a fundamental and disastrous departure from the free American economy." (pages 5 and 6, "The Budget and Economic Growth, my underlining. HR")

Throughout the above quoted 44 page pamphlet there is not a single mention of "wage-price" spiral, or "wage-inflation." Here the blame for inflation is placed upon "public policy," i.e., the government. This is only partly true. It is true that government bonds of many categories and government guarantee programs are readily exchangeable for currency and this adds to already existing currency inflation by the government and the Federal Reserve. Credit inflation initiated by the banks under the Federal Reserve Act is ignored by the C.E.D. pamphlet cited above.

Omission of even a single reference to "wage-inflation" can be noticed in an authoritative report on inflation made by the Chairman of the Federal Reserve Board in an address to a US government sponsored conference of bankers and insurance company heads early in the last recession in November, 1957, when blame for inflation was squarely placed upon the members of the audience. Dealing with the causes and effects of inflation Mr. Martin said:

"Over the last two years inflation got ahead of us...

when you lose more than 10 billion dollars of your gross national product with a markup in prices and no additional goods and services being produced for the economy, it doesn't take very much thought to recognize that some adjustments have to be made at some time.

"It may be very beguiling to believe that you can 'spend your way rich.' It may be very beguiling to say that if you create more purchasing power, you can solve all of your problems....

"I want to see us get our currency into a position where we can invest without assuming that the only way you can preserve your capital is to run faster than the inflation that has preceded you.

"If you accept the expectation of inflation as a part of our way of life, as many of us do today, then I think you can see where the inevitable end will be, and I think all of us in all phases of business and in all phases of the Government, have a real responsibility to recognize what this problem is....

"When you try to take short-term credit and use it for long-term purposes, and supply a deficiency of savings in your economy by the creation of fiat money, you are endangering the deposits and solvency of all of us,....

"When there is waste and extravagance and incompetency and inefficiency, the only known way that we have in a free society of eliminating it is by taking losses from time to time....

"You may prefer the absorption (of losses) by the government. That is a matter of choice.

"I am trying to arrive at what I consider the basic principle. This is a loss economy as well as a profit economy, and, if we are not equal to the task of accepting that type of thing--if we are going to run around and wring our hands the first time there are a few clouds in the sky....

"I for one have little or no faith--I won't say no faith, but little faith in the Government, or the Federal Reserve System, which is part of the Government, or any other agency being smart enough or wise enough in their decisions to...prevent declines that have to occur from time to time because of mistakes in judgement....

"I want to assure you that the Federal Reserve recognizes both inflation and deflation--they are connected and that we are going to do all within our power to be helpful in resisting both.



But, I also want to make it clear that, when business reaches a certain level and starts to decline a little bit, that we can just step in and stop it there, I thin you misunderstood the workings of our entire operation."(US News and World Report, July 15,1957)

Quotations dealing with the attitudes towards and development of inflation are seldom carried in our press. Yet it is one of the dominant problems of modern capitalist (and not only capitalist) society. Economists of all schools are quoted in the capitalist and trade union press on this development that runs through almost every national economy like terrible disease. It has already brought more than one country to the verge of complete collapse. The Draft is of little use to the party in dealing with inflation and its effects on the economy of the US capitalis system. Mr. Martin's observations, and those of the C.E.D. tell us far more about this phenomena from the point of view of capitalist experts in this field.

The ruling class has found it necessary to invest immense new resources in new industrial developments in the colonial and semi-colonial countries. There the so-called foreign aid programs have proved inadequate to preserve capitalist stability. The revolutions and counter-revolutions in the "under-developed" countries testify to the sharp increase of social tensions. The rationing plans for development worked out by the State Department are collapsing under the pressures of class struggles that threaten in the long run to transform capitalist countries into workers states. That is the trend of historic development. The summit meetings are called to try to maintain the social status quo.

The costs for financing these projected industrial programs requires a cut in the workers share of new value created. This is why the government and the top circles of the ruling class are opposed to wage increases and try to reduce them to a minimum. The claim for productivity increases by the steel workers are opposed by the ruling class. For its forein investments the federal government is asking Congress for about four billion dollars. In addition there is a government investment guarantee program which has not been reported in our press or referred to in the Draft which is said to be meeting with considerable support from US industrialists.

Testifying before the House Foreign Affairs Committee on April 17,1959, Mr. Chas. B. Warden, head of the International Cooperation Administration's Investment Guarantees Division said:

"For the first time in years, company after company,

large or small, is investigating and planning foreign operations...most of this new blood is coming from the industrial companies."

Warden told the committee that US corporations invested principally in Europe and Latin America. (Canada is the major US investment area, and the Middle East oil investments are tremendous. Warden went on to testify that the US industries are "looking now toward other countries and, happily, in many cases to the under-developed ones."

One cannot at this time evaluate the scope of these projected new investments or their precise effect upon the US economy. We must keep in mind that when this industrial development program gets under way large scale building of machinery and its transportation abroad will have an effect on the machine building industry and secondary effects on related branches of industry and commerce.

When the major installations are in operation they will bring imperialist owned industry to the backward countries and supplant US and European export production. Thus, the "runaway shop" trend to new overseas locations will be extended and accelerated. Our party has been mistakenly dealing with the "run away shop" as if it were limited to the domestic continental arena. The fact is that for a couple of decades it has been running to lower production cost areas abroad as well.

One British researcher points out that Britains precarious economic stability is largely maintained by export earnings of US controlled plants in England. He writes and I quote from the New York Times review of his book on June 28, 1958 as follows:

"In the field of new industrial products--those commercially produced since the 1930's US financed concerns are responsible for about a third of all British exports. With the inclusion of automobiles, the percentage rises to forty."

From this it should be clear that the weight of US capitalist investments in Britain ties that country economically and politically to US imperialism even more than Czarist Russia was tied to West European imperialism before the Bolshevik Revolution. Referring to Czarist Russia's semi-colonial status vis-a-vis West European capitalism Trotsky pointed to the dualism of its relations. Russia was an imperialist nation to the oppressed nations within Russia's territorial boundaries and a semi-colonial power in relation to the advanced countries of the West. Today Britain, and not only Britain is in a similar position

vis-a-vis the US. The class-collaborationist English trade union leaders serve (U.S. Capitalist) masters besides the the ruling class of their country.

Another expert in foreign trade and investments the Assistant General Manager of the US Rubber Company told and Export Managers Club meeting in New York on April 2, 1957, that:

"American foreign trade no longer is represented solely by exports from the US. While direct exports of US products for 1956 are estimated at \$16 billions, American capital investments abroad today are close to \$29 billions. Annual sales from American owned subsidiaries branches and affiliates could run to \$39 billions.

"My company, US Rubber is a good example of how an American company has had to plot a course of action to hold its position in international markets. In 1942, 72% of our foreign sales consisted of exports. In 1957...only 24% of our sales are from export and 76% from local (i.e., foreign plants) manufacture."

The significance of the shift of factories to foreign countries is not only in the fact that it means less work for US workers, or that it helps to industrialize and control other countries like Canada, Britain, Germany, Japan and Italy among the advanced nations but it also controls countries like Brazil, Indonesia, etc., among the less developed countries. Sub-standard wages replace higher standard US wages, a matter of some importance for US and foreign workers. The class collaboration policies of the labor skates find in this fact a refutation of any justification for their propaganda about unity of interests. Nor is that all that is involved.

The workers in the US pay a full share of taxes on their earnings, while the capitalists deduct from US taxes the amount they pay to foreign governments. Thus the Arabian American Oil Company for instance, pays fifty percent to the Saudi Arabian government which is deducted from amounts due the US. In a great many foreign countries there are heavy taxes on the US corporations. These taxes are deductible from US taxes, leaving reduced payments or no tax payments to make from the super-profits accrued to these runaway shops. This in reality constitutes an extra subsidy that the capitalists get from their "welfare state." These billions of dollars in "welfare state" subsidies are not considered not enough, the government is insuring foreign investments by US industrialists.

A review by the New York Times of the last monthly Bulletin of the American Stock Exchange in New York refers

to proposals in Congress that will grant tax free privileges on foreign earnings as an extra inducement for investment. In some of these colonial countries they give tax-free concessions (Puerto Rico for one) as an inducement. The Times article concludes its review with the following:

"This will help," says the American Stock Exchange, "but is it enough?" The capitalist welfare state takes a strikingly different attitude towards the corporations and towards the workers.

The attitude of the trade union leaders parallels this ruling class attitude in practice by expressing its devotion in principle to the foreign aid programs of US imperialism and this leads them to ignore the movement of the runaway shop abroad. The trade union leaders do not publicize the generous government tax concessions to the scabby entrepreneurs which stands in such glaring contrast to the shabby and miserly treatment that US imperialism accords to its unemployed victims. It seems to me that our party press might begin to devote some attention to this developing situation.

Dealing with effects of domestic investments on the economy the Draft states (point 8), "Capitalist production is nearing a point where excess capacity imposes serious limitations on further investment for expanded productivity." This is not borne out by investment reports. Investments are rising following after the rise in production and profits. A somewhat more correct and quite different conclusion is reached in point eleven of the Draft which states: "Meanwhile, rapid extension of automation continues to whittle down employment and swell the jobless rolls. A steady rise in unemployment has thus become a distinct feature of the American economy."

Rapid extension of automation means investment for automated equipment which is quite different from saying "serious limitations on further investment for expanded productivity." It would be well to drop from the Draft that part of section 8 which I underlined and retain section 11 where the only mention of automation appears.

The section on automation should be expanded to deal with the effects of automation or this should be done in our press. The rise in production to new high levels has cut down the size of the unemployed army. But in manufacturing where automation has made its greatest impression the most recent reports (covering the period from the middle of March through the middle of April, 1959) indicate that jobless rolls dropped 735,000 but the total increases in

manufacturing employment was only 30,000. The total labor force in manufacturing was reported to be 15,991,000 while the previous month it totaled 15,961,000. (The manufacturing total for the middle of February was 15,771,000.) All of which indicates that factory re-employment drags away behind the rise in production. The 30,000 increase reported for the month of April would have been an actual decrease in employment despite the rise in output if it were not for the fact that the rush of business to the steel mills brought into production the outdated, inefficient mills that employ far more men to produce the additional tonnage required.

The opening of new automated production lines may very soon cut down the size of the factory work force even as production goes up. The historic trend is for technological developments to make their mark in cutting down the size of the labor force as piggy-back packaging replaces over the road hauling, as further extension of automated railroad yards replaces the older type yards, as more offices and banks and insurance companies and utilities install computers to replace the clerical workers, etc.

It appears to me that the employment-unemployment effects of automation are more noteworthy than this single reference indicated in point 11. Automation is a very significant revolutionary technological development, and it would appear that its social significance is not very clearly understood, outside of the fact that it cuts down the size of the workforce.

Very few automated lines open up new fields for development of the productive forces if we are to judge by the results so far. On the contrary the general trend has been for automatic production lines to replace older methods, older instruments of production within the same market limitations before the change was made. Hence, it hasn't yet demonstrated the progressive social effects that compare with the effects of the Great Industrial Revolution from the middle of the 18th to the middle of the 19th centuries. There are a few exceptions, and there will probably be a few more, but the major effects are limited to the same market confines.

Price changes with the notable exception of coal in the US (and automated machine production in East Germany) have not followed from the lowered costs of automatic production. Coal prices in the US have had to compete with cheaper oil. In other industrial groups where extensive automation changes have been made prices have usually gone up as for example in auto, steel, lumber mills, plywood plants, cement plants, oil refineries, cracker factories, small and large bakeries, glass and chemical plants, paper and paperboard manufacture, bottling works, railroad haulage, agricultural equipment and tractors, potato chip plants, etc.

Lower prices were the levers that broke down the obstacles of feudal isolation and feudal production for capitalist industrial products during the industrial revolution. Transportation expanded. Roads and canals were built, ships and wagons were built, mining and chemical manufacture developed. Tools of all kinds were built and developed. Not only the instruments of production were revolutionized, but the population engaged in production increased sharply. That was the general picture of the development of the productive forces. With present automatic production developments there is only the change in the instruments of production, the productive forces tend to decrease, with the decrease in the size of the labor force.

The extension of automatic production methods is directly related in the main to the elimination of large labor costs in industry. This includes not only wages but all sorts of insurances from accident insurance to old age pension and unemployment insurance. In some branches of industry whole sections are automated such as many chemical plants and oil refineries. In other industries such as auto, entire machining operations have eliminated all production and material handling except for material handling at the ends of the lines. The assembly operations are still largely done by large masses of workers. The very distinct possibility exists that automatic plastic moulding of auto bodies will replace the bulk of the labor force left in auto or some other form of metal casting could possibly do the job.

In many industries automatic production methods are not truly automated, that is, the methods are not self regulating and self adjusting, but a maintenance force is required to change and sharpen cutting tools, adjust machinery, etc. is necessary. In a small number of cases precision requirements require automated equipment, humans cannot meet the fine tolerances required by the production process. Trade union contract demands for a shorter work day must relate to these differences.

Automation is not limited to factories. The US Labor Department reports that it is being introduced in offices and some warehouses. Wherever it is introduced however, automation affects the size of the workforce much like a continued drought affects vegetation.

Many comrades have argued and believe that automation costs are prohibitively high and that the ruling class is unable to finance the changeover. Experience does not bear this out. The nearly bankrupt railroads have been building "automated freight yards." One railroad official was quoted as saying that the wage savings in one year of operation of the new yard at Minneapolis paid for the costs of automation. There are automatic production lines in "two by four" potato chip factories in Brooklyn. One worker puts potatoes

into a hopper at one end of the line, and trundles away the bags of chips automatically packed in cartons. Bakeries running ten trucks have installed a number of automatic production lines that turn out rye bread or other continuous run products with only one worker feeding and unloading the ends of the lines. The employment and production reports give the best proof of the falsity of this viewpoint about high costs of automation.

Under capitalist property relations, the worker dumped out of a job by automation goes into the growing reserve army of the unemployed. His living standards tend to dwindle to miserable pauper levels. Under a workers government, where capitalist property has been replaced by nationalized property, and production is for us instead of for profit, the workers would begin to work a shorter work week with no reduction in pay. Prices would go down as costs went down. Under capitalism the fight for the short work week has still to be won on the legislative field and in trade union contracts.

Under a workers government when the entire workforce in a plant or industry is replaced by automatic production equipment their government will train them for new jobs without any loss of pay in the process because the same level of production would prevail and hence the same population would have at least as much after the change as they had before the changeover. Under capitalism the trade union leaders promise something like this sort of retraining program but the facts indicate that the workers wind up in the ranks of the unemployed with sharply reduced living standards replacing their old living standards. All the worker gets from the capitalist owners of the means of production is complete leisure at pauper welfare standards. From the trade union leaders he gets promises of job protection written up in reports and pamphlets and read off on ceremonial occasions.

Under a workers government everyone will have a share work and an increasing share of goods produced for use. The anarchy of present day capitalist society where production rises to new record levels and an increasing number of workers are declassed and idled on lower living standards. They are denied their chance to contribute and to share in the wealth created in the production process. The need for a general rise in living standards for all workers makes imperative the revival of the revolutionary struggle to change the social basis of US and world society.

Under a workers government and production for use the drudge jobs will diminish because of automation developments. The workers, that is everyone will no longer have to work at the same monotonous lousy job all his working years. Competition between workers will disappear and with it will disappear all established discrimination based upon national and racial hostilities and competition that is normal under capitalism and more primitive forms of social organization.

Automation developments speed up the maturing of all the contradictions of capitalism by its revolutionary formation of the instruments of production. As a result the social relations resting on the mode of production rapidly change.

It appears to me that the party should adapt its propaganda and agitation to deal with the changing conditions especially the changing trends in social relations. This is not clearly outlined in the Draft. In the Draft the over simplified generalizations that quite properly belong in a resolution serves under present circumstances to cover over the lack of understanding of developments and hence serves to keep us blinded. It is necessary to examine in much more detail the content that lies at the bottom of these generalizations. The elaborations of this discussion article are designed for that purpose. The socialist aspects of the problem are dealt with here to indicate the relation of both elementary and socialist approaches to the same phenomena, something that is missing from our press.

The Draft does not outline a trade union program in relation to automation developments. A.H. Raskin makes an excellent evaluation of the role of the trade union leaders in this connection in the New York Times March 15, 1959 issue. He writes:

"Mechanization has changed this by cutting the number of workers employed in the mines to less than a third of the old total. The high wages of those who still have jobs are one fruit of technological progress. The thousands of destitute mine families in the hills and hollows of West Virginia, Kentucky and Pennsylvania are another. This is part of the backdrop against which the steel industry approached its pivotal talks."

That is the pattern of the trade unions under conservative leadership in opposing the shorter work week fight. For McDonald to tell that truth to the workers (as Raskin evaluated the truth about technological development in the Times) McDonald would have to advocate socialist conclusions. It seems to me that our press should be dealing with this aspect of automation developments. The bald fact is that the wage increases and the recent over time premium earnings only serve to sweeten the deal for the workers still in the plants that dumps the excess workers on the unemployed scrap heap.

The relation between the power of the trade union bureaucracy and their role in permitting the employers to introduce automatic production equipment is testified to by one of the union officials at a conference of the Industrial Relations Research Association late in December, 1956.



Geo. W. Brooks of the Pulp Sulphite and Paper Mill Workers Union reportedly stated:

"The changes which are taking place (in American labor unions) will be regarded differently by different people, according to their vantage point or the way it affects their own interests. But some recitation of advantages and disadvantages might be useful. On the one side there has no doubt been a significant increase in union 'responsibility' and 'statesmanship' as a concomitant of these changes. I think a more important advantage is the nearly universal consent which the unions in manufacturing industries now give to technological change. There is no point at which the national and local leadership are likely to be more sharply differentiated in their opinions than on this issue. Local union members are always uneasy about, and usually opposed to, technological change. The national union, on the other hand, is likely to take a statesman like view. A shift in power to the national union therefore strengthens the hand of management in making technological change."

It appears from the remarks of "Brother" Brooks that the views of the authors of the Draft Resolution on the road to building the left-wing in the unions miss the point. The workers are looking for leadership in their fight. The party should get into the arena now and not place any demands that events conform to their pre-conditions for getting into the struggle now. The factory work force has never reached the high employment levels of August, 1953, although production has soared over the output levels for that month.

We have never published figures relating employment to production to support our slogan for a six hour work day. The figures were called to the attention of the leading comrades in the party since 1955, and at intervals since then. This should be changed. In our party a good slogan seems to be considered more worthwhile than serious presentations relating production and employment that support the slogan. It is my impression that that attitude is based upon the notion that figures only confuse workers, while a good slogan is easy to understand. It appears to me that this attitude is unwarranted and an insult to the intelligence of serious workers interested in the fight for the shorter work day.

Factory employment in 1957 (hourly rated workers only-excluding supervisors, engineers, salesmen, etc.) averaged about a million more than in 1947 (12.9 million) while production levels were 45% higher. Since then the scissors have opened even wider between employment and production.

In some branches of industry the increase in productivity and the drop in employment that would justify the

introduction of a six instead of the eight hour work day occurred within a shorter period of time. In auto for example, the figures for December 1954 compared with the annual averages for 1952 indicate that the production of cars, trucks and buses increased by 65% while the work force increased by 4½%. The high point in auto employment reached in April, 1953 has never since been reached. (The all time high in employment in auto plants was reached in 1950.)

When Reuther & Co. were bamboozling the auto workers with learned discussions about automation and programs to meet the danger to employment, only to sell out the workers, we never published the figures that should have been made common knowledge if the anti-administration groupings were to become transformed into a left wing in the auto unions. That job still has to be done.

The reports of the hardship conditions of the unemployed workers indicates that these bad conditions have been festering and growing for years. The sharp drop in employment in a number of industries revealed this development since the end of 1954. The cancer of unemployment has spread since then and it will continue to grow as time goes on no matter what temporary interruptions of the process occur.

Outside of the movement that started in Detroit, there was no organization of mass action by or for the unemployed workers. In Detroit our comrades were among the spark plugs and initiators of this movement. Wherever there were political workers involved in class action (just in Detroit) the result was powerful enough to make the trade union leaders move. Wherever radicals did not get into action the workers remained atomized and disorganized. Buffalo, Pittsburg and the coal areas remained unorganized, and probably will remain unorganized. The Michigan movement will be in danger of containment if there is no movement elsewhere. What is the party position in regards to these developments?

There is no movement to press for legislative action in other states. Why can't we propagate such action?

In the Henderson, North Carolina textile strike the scabs were recruited by the bosses to break the strike. The position of the unemployed workers seems to boil down to this: made superfluous in the shops by technological developments, dumped out of their jobs by the employers; starved on lower living standards by the capitalist "welfare state" and abandoned by the policies of the class collaborating trade union leaders, the unemployed workers are on occasion offered a chance to get back on a job--as strikebreakers. This should be a signal warning lesson that must be driven home to the trade union membership. The two trade union campaigns proposed in the early part of this discussion article pro-

poses that we take on this campaign. Does the Draft or our press propose anything to deal with the developments? Henderson, North Carolina is far from the only strike breaking event of this period. The bosses are not idle. They are already using their unemployed victims to break unions. The fight for the sliding scale of wages and hours should be carried into the trade unions. We have the arena to ourselves.

There are a number of other important errors embodied in the line of the Draft. I wish to limit myself only to evaluation of US economy. The Draft correctly describes some of the aspects of the last depression, but misses the central character of the slump which was essentially a financial crisis, a credit crisis. The Draft sees "a severe crisis of over production...in the making," (point 10) and, "Since the depression of the Thirties the American economy has depended increasingly on the basic prop of government spending for war and preparations for war." (point 7)

The over production theory fits the 1850's more accurately than the era of statism and finance capitalist domination. The over production is a consequence of credit restrictions. In this respect both the CED pamphlet quoted earlier on inflation, and Mr. Martin's talk to the bankers are more correct than the Draft. The 1957 "recession" was triggered by credit restrictions. The 1958 rise in production was triggered by government spending, and an equivalent government program, government guarantees for housing, foreign aid, and other construction items.

The Federal Housing Administration under wrote \$9.2 billions for new construction from 1958 to 1959. The V.A. underwrote \$1.8 billions, state and local governments raised expenditures from a level of \$37 billions a year in 1957 to over \$40 billions last year.

Military expenditures (most of which is not war expenditures) played a large but a minor role in increased expenditures. Most of the foreign aid expenditures in actual practice amount to subsidies used to purchase goods from US corporations and agricultural surpluses. About 10% of foreign aid grants both military and non-military are spent for purchases abroad (excluding service expenditures).

Installment buying has stimulated production. According to a survey by Richard Rutter in the New York Times of May 10, 1959, "At the end of World War II all consumer credit outstanding amounted to \$5,665,000,000...At the end of last year it stood at \$45.6 billion.

The government policy is to restrict military expenditures in favor of capital goods expansion at home

and abroad. The \$13 billion dollar federal deficit is not the true indicator of the inflationary total of government deficit spending, add to that the increase in federal guaranteed debt. The Times of May 11, 1959 reports that "...on June 30, the total of F.H.A. and V.A. mortgages bearing the governments guarantee will be \$65,125,000,000 and by June 30, 1960, \$76,343,000,000."

The relatively simple economy of capitalism of the middle of the last century has changed so radically that the old adages of a "penny saved is a penny earned" has been replaced by "...to speculate is safe, but to save is to gamble."

It appears to me that the party missed the possibility of campaigning in the mass movement on the primary problems facing the workers because it placed in primary position the regroupment perspectives of the 1957 convention. To this day the effects of that orientation away from the working class continues as the party line. The reporter who spoke for regroupment at the last plenum of the N.C. expressed the opinion that nothing of too much importance was developing in the working class movement. We missed the opportunity in New York of carrying on the sort of campaign dealing with the crisis of capitalism that L.D. Trotsky outlined in his introduction to the "Living Thoughts of Karl Marx."

In my opinion what is at stake is our ties to the workers movement. We may write our fate at this convention.

May 14, 1959

THOUGHTS ON TRADE UNION PERSPECTIVES

By Arne Swabeck

Our draft political resolution lays emphasis on the changing trends in the American economic structure and their inevitable social and political consequences. It projects some of the effects of these trends on the trade union movement and on the working class in general. Clearly indicated is a transition from the artificially created prosperity, full employment and rising living standards, to lower economic levels, deeper crises, chronic unemployment and attacks on the workers standard of living, as well as on their organizations, by the dominant monopoly capitalists and their political agencies in Washington.

We are always mindful of the interrelations between the economic foundation, its reflection in politics, and the position of the major class forces. We pay particular attention to the interactions set in motion by changes of economic conditions. And the first question that arises is, therefore, how will these changes be manifest in social and class relations? How will they affect the position and the actions of the trade union movement in this new stage?

The course of economic developments and its effects on the working class appear in most concentrated and most acute form in the trade union movement. Whatever its strength or weakness of position, it is the organized expression of the working class. It grew out of the class struggle which is the only reason for its existence and, in the final analysis, it must respond to the needs of the class struggle. In other words, insofar as the problems of the working class are concerned, the function of the trade union movement, and the policies it pursues, are decisive. But policies and actions depend in a large measure upon the relation between the leadership and the rank and file who make up the movement.

The common feature of present day trade unions drawing closer to the capitalist state power, once observed by Trotsky, has been particularly noticeable in the United States. As the militancy and aggressive struggle of the early CIO period abated, this feature, stimulated in theory and practice by the union leaders, became more pronounced. This is evidenced not only by support in politics of "friends" among capitalist politicians but it shows up more directly in subservience of the leaders to governmental agencies of mediation and regulation and their retreats in the face of legislative restrictions. While this derives, in the first instance, from social conditions under which the unions operate, it illustrates simultaneously the bureaucratic perversion of working class leadership.

These labor bureaucrats have in fact become petty but active stockholders in the imperialist enterprise, participating faithfully in the latter's programs and plans at home and abroad. Flowing as a logical consequence from this relationship, union officials accepted as their obligation the task of holding the line against rank and file dissent or resistance.

High salaried offices and vested interests in the capitalist system set these leaders apart from the rank and file membership as a privileged parvenu caste. Class collaboration, their basic outlook and policy, degenerated to absurd levels of open collusion in capitalist witch hunts and granting of no-strike pledges -- all this in spite of the fact that the only reason for existence of the trade union movement is the class struggle.

As a necessary prerequisite to their function the leaders strove, with considerable success, to establish a firmly centralized control over the whole movement.

Every action on a local level, strike or otherwise, even local autonomy to the extent that such is permitted, has to depend upon, and it has to conform to sanction of an entrenched bureaucracy. Rights of democratic expression, local initiative and manifestations of militancy are stifled; sentiments for independent political action are strangled at the inception. This bureaucracy tolerates no trespassing on its usurped prerogatives, its powers and its privileges. It is ready to victimize all offenders.

The greater the degree of centralized control, the more overgrown is the bureaucratic apparatus. Thousands of organizers and international representatives supplement large staffs of lawyers, statisticians, accountants and lobbyists. Partly this is due to the vast corporate enterprises with which the mass unions have to deal; partly it is due also to their being custodians, either separately or jointly with the employers, of huge welfare and pension funds. However, the main preoccupation of organizing and functionary staffs has been to assure smooth application of the prevailing policy of class collaboration by enforcing labor discipline on the job and suppressing "wildcat" strikes.

This development, to be sure, reflects the exceptional conditions arising out of the artificial prosperity generated by production for war and for the armaments market. The fabulous profits accumulated by the dominant corporations enabled the unions to obtain certain concessions of wages and fringe benefits in return for stable labor relations. On this underpinning the power and sway of bureaucracy grew to its present monstrous proportions. The extent to which it succeeded in firming up its centralized control depended in almost exact measure upon capitalism's ability to grant concessions to labor.

Far reaching consequences emerged from this interrelationship. The bureaucratic entrenchment with its capitalist business practices and class collaboration outlook facilitated the ever encroaching corruption, gangsterism and thievery. The unions became happy hunting grounds for Congressional investigations designed to discredit organized labor and to soften and undermine its power in preparation for more open assaults. Restrictive labor legislation rounded out these efforts, while the employers even in highly competitive fields, united to use the lockout weapon in increasing measure.

Union functionaries were more and more tangled-up in legalistic red tape of hostile decisions poured out from governmental boards and from the courts. They were tangled-up no less in capitalist politics. Concerned, above all, with their vested interests in the capitalist system and their need to appease the employers, the labor bureaucrats appeared in all manifestations of class conflict, in strikes as well as in contract negotiations, as mediators rather than champions of labor.

With richer crumbs available from the banquet table of Big Business, the workers lost sight of their class interests. The militancy and fighting quality that brought the mass unions into being during the thirties gradually dissipated in the dry rot of stifling bureaucratic control. By and large the workers yielded in silence to the impairment of the union position as they let the bureaucrats get by with their corruption and thievery.

Thus, instead of union advance following as a result of high level employment and easily obtained concessions, the contrary is the case. Retreat and surrender replaced the imperative need to meet every challenge. Never before has the paralyzing influence of a leadership, whose loyalty to its capitalist partnership is primary, been more clearly revealed. Projected campaigns of organization were stillborn; and while the labor force has grown, union membership remained stationary. The indispensable trade union independence has suffered severe restrictions

as its internal dynamic was vitiated.

But the interrelations between the major class forces that grew out of the artificial prosperity generated by production for war and for the armaments market contained no elements of stability or permanency; these interrelations are now in the process of change as new and more critical conditions appear in place of the artificial prosperity. Not only do economic perspectives indicate less concessions to labor, but an open onslaught on the higher living standards gained is already in preparation.

Large scale unemployment and idle production capacity serve in this instance as a basis for preliminary attacks by monopoly capitalism. To cite one example, the steel barons are now, before contract negotiations, piling up heavy inventory as pressure against strike action. A saturated market they consider the most persuasive argument for their labor lieutenants to counsel moderation and retreat. Failing that, the corporation heads hope to saddle responsibility for the inevitable let-down in steel production upon the union.

Such was the case of the UAW at its last contract negotiation. Reuther quickly dropped his fancy profit sharing scheme and, in the haste to beat a retreat, he buried the entirely realistic idea of fighting for a shorter work week.

From Washington, further restrictive legislation tends to be more closely coordinated with the tough corporation stand on the economic front. Labor is getting the brush-off from the democratic Congress majority. Federal support for unemployment insurance, instead of the patent need for extension, will taper off. Subtly disguised anti-racketeering legislation is designed not to hurt the real racketeering, or the scoundrels who practice it, as much as it will serve to weaken organized labor.

Dashed illusions about "friends" among democratic politicians are likely to accompany intensification of the class struggle. Alongside, emerge new features of the social fabric which are sure to leave a deep impression on the minds, the thoughts and the actions of the workers. Unemployment shows up most pointedly in its chronic nature. Advancing technique, cybernetics and automation, constantly displace labor. Inflation cuts into the meagre budget. Economic insecurity and uncertainty replaces stable living conditions, while the installment collectors wait at the door of workers' homes. Even the proclaimed virtues of the free enterprise system are called into question.

Factors such as these intrude unceremoniously to shatter complacency, and point toward common cause of all workers. These factors, which are reflected today in working class restlessness will inevitably become the motivating force of radicalization tomorrow.

It is not to be expected that a rupture of the bureaucratically centralized control of the trade union movement will follow automatically from lesser concessions to labor, or even from intense attacks on the worker's living standards; but the foundation of this control is certain to be seriously weakened.

In the first place, the centralized control will be found not to be as solid and as imposing as it appears on the surface. Deep cracks and fissures will appear in the monolithic facade.

One very good indication of things to come arises out of the unemployment situation. The bureaucrats thought that a worker who loses his job in the factory is

automatically removed from the union rolls, and his further fate is no concern of the officials. But the unemployed workers thought otherwise. They went to the union in organized fashion with their demands for elimination of overtime, for extended relief and for a shorter work week. They forced the hands of the officials and threw consternation and discord into the inner sanctum where the high moguls preside. The latter were compelled to respond; they put themselves at the head of the unemployed movement, however, with the aim of beheading it.

This one example graphically illustrates the explosive potentials of the present situation. Unemployed workers have nothing to lose, they cannot be merely appeased and demands for attention to their needs will reverberate throughout the union structure. Appearing alongside of the general economic insecurity and uncertainty that prevails in all major industries, it is likely to reinforce the traditional readiness of the American working class to act, and act decisively in defense of their vital interests.

The bureaucratic leadership, which proved incapable of promoting union advance under favorable conditions, will be far less capable of facing capitalist attacks during a critical period. Further retreats and surrender of more positions is to be expected from people who are hopelessly wedded to the policy of class collaboration and concerned primarily with their vested interest in the capitalist system. Precisely because of this, the bureaucracy will turn with so much greater fury against militant spokesmen for the rank and file. Even at this early stage the general direction has been made unmistakably clear. In reply to its activities to champion the cause of the unemployed and propose a march on Washington, the Reuther forces dissolved the skilled trades council in Detroit, fired its duly elected officers and confiscated its publication.

Yet the decrepit class collaboration policy will in the end prove to be the bureaucracy's undoing. In the coming period it will fare no better than did the moss-grown craft union outlook which brought the bureaucracy to grief during the thirties. The issue was settled then by action of the workers in the mass production industries and by the emergence of the industrial unions. So now, events to come cast their shadows before. The vital interests of the working class, of the unemployed and the defense of the unions will present their imperative demands.

No matter how entrenched this trade union bureaucracy, it can in no case circumvent the course of the class struggle. On the contrary, the effects of the class struggle will be reflected during further developments in increasing conflicts inside the trade union movement between the militant forces that are sure to arise and the reactionary officials.

The American workers will again aim to turn the trade union movement from being a mere source of revenue and power for bureaucratic officials into an instrument of struggle for their needs. But the direction of their struggle will this time have a more distinctly political character and tend to elevate their political consciousness. This also has been foreshadowed by the recent defeat of the projected "right-to-work" laws. The workers combined political action with their industrial struggles, independent of the capitalist parties, and with initiative and leadership from below. Political action developed directly out of the trade union structure and it began to fertilize the soil for labor party ideas.

Viewing their past history of singular resourcefulness and ingenuity, we can remain confident that the American workers will know how to break through the stale bureaucratic upper crust in the coming period, as they did during the



thirties, to create a new movement and advance to union consciousness in one giant leap. Neither the frustrations of bureaucratically centralized control or arbitrarily rigged union gatherings will hold them back. For, as we said in our Theses on the American Revolution: "Under the impact of great events and pressing necessities the American workers will advance beyond the limits of trade unionism and acquire political class consciousness and organization in a similar sweeping movement."

The tempo of these developments, or their exact form, is not subject to advance determination. However, whether the pace remains relatively slow or quickly takes on accelerated speed, we should now give the utmost attention to the trade union movement and the unemployment situation. Application of our program of transitional demands and our labor party slogan will become more pertinent.

Los Angeles  
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