

the following: "A government composed mainly of working class representatives cannot resort to methods that are reserved for reactionary and fascist states...Under no circumstance will we tolerate any attacks upon legally functioning organizations."

It is clear that the offensive against the anarchists was Moscow inspired and that the methods, as Caballeros organ states, were reactionary and fascist. It is further clear that the doing away with the Caballero Cabinet was due to his stand against it. With the C.N.T., the Socialist Trade Unions and the left wing of the Socialist Party from the new Cabinet the situation assumes far reaching political significance.

Is Moscow striving for a "moderate regime" to facilitate a compromise with the Insurgents? Is Russia's foreign policy paving the way for British and French intervention? Whatever its aims the question facing the Peoples Front is: who is ruling the Republic of Spain?

The occurrences in Catalonia have shown the danger of these political developments. The Generalidad has sought an understanding with the anarchists without which no solution is possible. Should the Central Government attempt the insane adventure of subjection it will face not only the workers but all Catalonia which has repeatedly risen against Castillian dictatorships.

Police action will not solve the problem. The inner contradictions of the Spanish Peoples Front continue unabated. Franco of course will not be put down by the Governments crusades against the anarchists or by its forceful methods of conquest in Catalonia.

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SEVEN WORKERS HAVE BEEN KILLED

by Chicago police on behalf of Republic Steel. More than seventy are in hospitals, some of them in very critical condition. Many are under police guard to go to jail as soon as the doctors permit it. The police murdered those workers because Republican Steel was selected as the testing ground as to how far the power of the C.I.O. goes. How far will it go? What is this organization doing to stop further massacres of workers? Why doesn't it call all its organized members out of all plants in all America? SEVEN WORKERS HAVE BEEN KILLED! This should be reason enough to shake the whole world. It does not shake the leaders of the C.I.O. They are going to do NOTHING!

INTERNATIONAL COUNCIL CORRESPONDENCE

For Theory and Discussion

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The period of progressive capitalist development is historically closed. The decline period of capital, a permanent condition of crisis, compels to ever greater convulsions of economy, to new imperialistic and military conflicts, to ever increasing unemployment and to general and absolute impoverishment of the workers. Thus is given the objective situation for the communist revolution in the capitalist countries. For the working class, there is only the revolutionary way out, which leads to the communist society. No one can deprive the workers of this task, which must be carried out by the class itself.

The publishers of Council Correspondence see in the acting self-initiative of the workers and in the growth of their self-consciousness the essential advance of the labor movement. We therefore combat the leadership policy of the old labor movement, and call upon the workers to take their fate in their own hands, to set aside the capitalist mode of production and themselves to administer and direct production and distribution in accordance with social rules having universal validity. As a fighting slogan and statement of goal we propose:

All power to the workers' councils! The means of production in the hands of the Workers!

MUCH ADO ABOUT NOTHING

The Future of the C.I.O.

Trade union activity increases with every decisive business upturn. Improving economic situations enable the workers to make demands on the employers, since strikes are more feared when profits are rising. Workers are encouraged by the greater demand for their labor, they are less frightened by the prospect of unemployment. To a large degree, strike and union activity is determined by the ups and downs of the market. Rising prices and increasing profits are the direct incentives. Within the unions the willingness to wage strikes and to organize workers becomes more pronounced. The unions fare badly under crisis conditions. They lose in members, influence and money. As soon as business takes a turn for the better, attempts are made to recoup the losses. Strikes become possible again as the income of the union increases with that of their members. Neglected and new industries try to get organized. The whole of labor activity becomes more intense.

During the depression years the American trade unions suffered tremendous losses in members, influence and income. It wasn't easy to organize strikes against the declining wage scales. It was difficult to make and keep agreements with the capitalists. But at a very low point in the decline of the American Federation of Labor, the policy of the newly elected Roosevelt administration brought a change for the better.

The weakness of the American trade union movement was regarded as one reason, among many others, for the extreme sharpness of the competitive struggle during the depression. In the great industrial enterprises high overhead costs and the large number of workers precluded a sufficient flexibility for adaptation to the new conditions. But such a flexibility was possible for the smaller enterprises, increasing their competitive power against Big Capital. To stop the fatal decline of prices, bound up with this ruthless competition, and to permit a number of bankruptcies, so as to bring about a general cleansing and stop further decay, the "Codes of Fair Competition", the NRA and its section 7 A were adopted by the government. Just as trade unionism had been fostered by many entrepreneurs in the beginnings of American capitalism in order to decrease competition, so now once more the government used the weapon of "equality" in exploitation to eliminate a certain amount of competition. This "equality" is inequality for different capitalists in different conditions, with different resources and different sizes of capital. A working day of limited hours, a certain minimum wage to which all capitalists should adhere, signified an advantage for the bigger capitalists and ruined many of the smaller ones, unable to continue the sweating, which had been rendered possible by the depression. The struggle against competition was only a shifting of competitive power in favor of the big industrial enterprises. The smaller capitalists developed a hitherto unknown persecution complex, the NRA-madness, and many of them entered asylums for the insane.

This political move in order to gain certain economic results was only one of the causes - and a comparatively insignificant one - which brought about the turn for the better. Without taking up the other and more important factors which changed the economic scene, we shall merely recall that as soon as the big capitalists felt more optimistic they found those laws no longer favorable but troublesome, and saw in them a source of future trouble. Such laws might give workers the idea that the government was operating in their interest. Now that the emergency had passed Big Business was again of the opinion, that the problem of labor relations could be left entirely to themselves. Furthermore, there was dislike for the heavy costs involved in the new government control activities, since they might take on proportions which would impair the newly won profitability.

The government drive for a better organization of society was not only with a view to the immediate necessities but also to those of the future. The

socially atomized capitalists can only deal with immediate questions. The government, in finding that the world depression had hit America the hardest, and that it took this country longer than others to overcome it, was trying to insure society against some of the most dangerous aspects of future crises. A series of social changes and social laws supposed to be more in harmony with the requirements of present-day capitalism were considered and undertaken. Policies, many of which had been in vogue for more than 50 years in some European countries were to be transplanted to America. And this not as a matter of social welfare, as propaganda tries to make it appear, but as a matter of economy. Only a land which in comparison with others was relatively rich could do without important social legislation for the maintenance of social peace. The absence of social security necessitates social security laws. The organization of society becomes the more necessary the more chaotic it becomes.

The question of labor relations is only a part of the total program, brought about by force of circumstances, which was launched by the government in its attempt at a better regulation of social misery. In trying to safeguard capitalism as such, any government, under prevailing conditions, can not avoid interfering with the needs of some capitalists and fostering the interests of others. It will be loved and hated by the capitalists. It will appear to be in the process of merging with capitalism into one indistinguishable unity, and also to be at war with capitalism to the bitter end. And many people are fooled by appearances. Furthermore, capitalism is not yet identical with Big Capital. No government can yet exist which would confine its attention to the most immediate interests of the big monopolies. The other capitalist groups, medium and little, can not be entirely ignored. If this were possible, the present form of privat-property capitalism would burst asunder. The government can only favor the most influential groups, and cannot avoid coming frequently into conflict with them. The masters of society have often been forced to help or to hinder their servants in the government. Modern politics becomes still more mystified and colorful, and the statesmen very noisy, not because there is an abundance of capable men, but because the conditions of capitalism cause them to jump around like frogs in the moonlight. The governments are forced to increase their independence, notwithstanding the fact that their dependence on Big Capital is ever growing. A government will naturally employ all political means to impose its will, if necessary also upon the big shots. Some capitalists are in a position to recognize this situation and its consequences, others are not. These differences make for life in a democracy.

The control of labor is one of the most powerful weapons in society. "In my father's day", Rockefeller Jr. once said, "the man with money controlled industry; in my son's day the man who controls labor will control industry". If the government participates directly in the control of labor, it has therewith a powerful weapon with which to enforce its universal capitalist will against the many atomized capitalist wills. If the government is no more than a mere police force, capital will order it around without restraint, bringing more and more in question the existence of society. Coordination is possible only by disregarding more or less individual capitalist interests in favor of the interests of capitalism. Greater coordination becomes more and more necessary.

As we are still living in a democracy the question of labor relations, and hence the question of labor organizations, has to be settled against oppositions. In the struggle for the one or the other attitude, socially to be adopted, luck changes for the different groups interested in the problem, with the change of situations. The labor question often looks like a cross-word puzzle. Illusions and disillusionment cause eyes to shine or remove from them the shine. Much ado is made about really nothing, and yet too many people are directly interested in nothing and heads are crushed, blood runs and an excitement created which makes society look like a zoo after an earthquake, though the whole show is not worth a nickel.

The traditional instruments with which to assure friendly labor relations are the unions, which also are instruments for the control of workers. Sometimes the unions can not help interfering with the interests, not of capitalism, but of one or the other capitalist group or entrepreneur. The Administration's depression policy and its attempts to gain more control over society, created a situation in which the government was favoring extensive unionization of the workers. The enterprising labor leaders had their day. To recoup the losses sustained during the depression seemed to be quite easy. For the labor union is subject to the same economic laws as every other business; either it grows or it goes to the dogs. To grow with the help of the government was an ideal condition for the union and created the enthusiasm by which the otherwise dull life of trade unionism has been peeped up of late. But there is a difference between the unions and the governments desire for unionization. Expansion in order to gain importance is an eternal desire of the labor unions, while for the government it is only a policy, which

might, under changing conditions, be replaced by the directly opposite one. Consistency has never been given to governments. But so far the unions have been lucky, the government has not as yet changed its labor policy in relation to organization. It shares a point of view set forth in the Twentieth Century Funds "Labor and the Government", and which also represents the spirit in which the Wagner Labor Relations Act was created. There it is said: "The solution of the problem of reducing to a minimum strikes and lockouts ... lies not in the direction of rendering the parties to an industrial dispute impotent to take direct action... Collective bargaining which culminates in trade agreements between employers and responsible, disciplined labor organizations seems to be the most feasible method (for) bringing about mutually satisfactory and peaceful industrial relations".

Labor unions were fostered by the government to maintain, not to disturb industrial peace. As long as fascism is not the governmental system, labor unions are the best instruments to avoid and to minimize industrial strife. In England, without "Roosevelt-Communism", the same philosophy prevails. Speaking of the attempts recently made in England to unionize the sweated industries, the Economist of May 22, 1937, states:

"On the whole, this pressure (for unionization of neglected and new industries) is to be welcomed, for its results in raising the standard of living usually outweigh the disturbance it creates. Collective bargaining is accepted in this country, and many of the most progressive industries welcome it as a factor making for order and stability".

In the United States many economists, and also a considerable part of the capitalists are not at all afraid of the present strikes and organizational campaigns. Otto S. Beyer, member of the National Mediation Board, in an address delivered in behalf of the Stevens Institute of Technology, recently expressed this attitude quite well in saying: "Despite all the dust and noise and heat in the form of stoppages, strikes and the like, one of the biggest constructive jobs in labor relations is under way in this country right now... When the national policy expressed in such recent laws as the National Labor Relations Act, the anti-injunction act, the Social Security Act and the Railway Labor Act are commonly accepted and understood, and both employers and labor join hands in capitalizing the good inherent in those acts, then American industry will be

more efficiently run, will afford a happier working ground. Now that the National Labor Relations Act has been passed and declared constitutional, those in charge of Industry should make it clear that they would throw no obstacle in the way of an employe's right to join a labor organization". (New York Times, 7/19/37)

Not all capitalists, and not at all times are capitalists opposed to unionism. If conditions enable unions to serve the interests of capital, the latter will support the former. There is no need on the part of capital to bother with the setting up of unions, just as they don't have to bother about how the workers are going to make their living. The workers have to do their own worrying and they also have to build their unions. And just as the worries of labor, so also its unions serve the needs of capital; but not at all times and not under all conditions. General statements on the relations between unions and capital are never in order; the position of capital on this questions varies, even if it is often for rather long periods quite stable. It is necessary to investigate this relationship over and over again under changing conditions. There is no permanent harmony and no permanent opposition between unions and capital.

There is also no unified opinion among the capitalists on the union question. Today capital in the United States is split on this question. But all capitalist interests are united in the desire to keep industrial peace, that is, to prevent workers from demanding what seems to be unbearable or too much for capital to stand. "Overhead and other fixed costs", said Professor Witte in a speech on the present labor situation before the Office Management Association of Chicago on May 18, 1937, "are such a large item in the total cost of production, that capital can not afford interruptions any more. Interruptions are far more costly than in a day when much less capital was recognized in industry".

To prevent strikes, some capitalists suggest legislative action, prohibiting especially sitdown strikes and mass picketing. Much is also expected from legislation for the compulsory incorporation of unions. Great national employers' organization are propagandizing for such a program. But other capitalists are sceptical, as legislation has never really solved such problems or really done away with strikes. The state of Michigan drafted recently a new labor law, in which section 19 dealing with strikes and picketing declares as illegal and punishable: "patrolling or attendance by any persons, whether on behalf of a labor organization or otherwise, at or near a place of business or

employment affected by a labor dispute, or the residence of any person employed therein or other place where such person may be, in such manner or numbers as to (1) obstruct or otherwise interfere with approach thereto or egress therefrom, or (2) to interfere with the free and unimpeded use of a public highway". Governor Murphy vetoed the bill, July 30, an hour before it would have become law automatically. He explained that the provisions of the bill were open to misinterpretations, and in a message to a joint session of the house and senate he pleaded for revision of the labor bill to liberalize its provisions restricting the right to picket. Murphy is not less capitalistically minded than the sponsors of the bill, but capital is not at present united on the question of how to deal with the workers.

Many capitalist enterprises try to counteract the unionization of their plants by the artificial setting up of so-called "independent", that is, company unions. But other capitalists see no remedy in such a move or find it impossible to proceed in this way. Attempts at real unionization will not be stopped by company unions; strikes also will not be prevented, but will take place in spite of the company unions.

At the present time refusal to sign written agreements with the verbally recognized union is another tactic with which to hinder unionization or make its maintenance difficult. As verbal agreements can be broken any day, and as the master-of-the-house position of capital is here preserved, the value of the unions to the workers becomes rather vague, and the enthusiasm for unionization is restrained.

Some capitalists also think it wise to play the A.F. of L. and the C.I.O. off against each other, which is not difficult in view of the sharp competitive struggle in which these organizations are engaged. Others hope for the destructions of both; but if this hope is fulfilled, other organizations, more radical than the present ones, may arise, and strikes may take place also through a total absence of organization. The competitive struggle between the two organizations might also be bad for the company which promotes it, as it might bring about disturbances worse than would the recognition of the unions.

The more enlightened bourgeoisie prefers the present organizations and wishes rather to control than to oppose or destroy them. "By certain policies", Professor Witte says wisely, "capital can determine the type of labor organization which it will have, it

can guide the organization in one direction or the other". "Give the unions a trial", he asks the employers, and he assures them that the present hubbub, especially concerning the C.I.O., is really quite uncalled for. "In the history of labor", he explained,

"recognition has developed responsibility. Practically every labor leader that we now call conservative, started out as a radical. For instance, the railroad brotherhoods were regarded as extremely radical organizations. Today they are regarded as a most conservative group of labor organizations. But do not expect the union people to change all of a sudden ... Conservatism on the part of labor will come with recognition and responsibility. Already the principal executives in the C.I.O. movement have come to realize that the sit-down is completely destructive to union discipline, that the unions lose control of their own members if they have many sitdowns. These labor leaders are worried, just as much as management, about the sitdown strikes, and that is the main reason why sitdowns are getting less frequent". And in conclusion this

enlightened professor repeated that the recognition of the unions is to be considered if an evil, at least as a lesser evil, for: "Let the labor organizations be destroyed, and you will have governmental regulation of labor conditions to a much greater extent than now. I have noticed that in the most completely non-union cities, labor is much more radical politically".

But capitalists are not likely to listen to professors; rather the contrary. The speeches are really no more than Club affairs. And then business traditions are just as forceful as ideological traditions. The "rugged individualist" don't go modern of their own free will. Just as they buy the old Masters and let the surrealists starve, so they also prefer their pinkertons to the social worker, or the union agent. And, what is more important, all those nice lectures dealing with labor relations, approach the problem from the "long run" point of view. But what ails capital as well as labor is of today and tomorrow. Today to many a capitalist unionization may be almost unbearable, even if he accepts it in theory. The unionization process can not be held up until such time as the capitalists are ripe for it. Whatever labor relations exist is not determined by theory but by struggle and practical politics. The organization of society as well as labor relations are violently established in the struggle of all against all. Agreements arrived at are only recognitions of temporary defeats by one or the other adversary, calling for nothing but new battles.

The actions of any class are also determined by struggles within the class. Each class is only basically opposed to other classes in a socio-historical sense. There is in reality an ever-changing overlapping of interests from one class into the other. Groups struggle within the classes, and struggles of individuals take place within the groups. Capitalist actions often turn out for the good of the workers, workers action might help capital. Not only is disunity among the workers consciously developed by capitalist politics, much more is this disunity based on the economic conditions of the workers. The position of the class permits of all shades and forms of labor organizations.

The decline of the A.F. of L. has brought about opposition within its membership as well as among a part of the leaders. Readiness for action on the part of the unorganized, desire to overcome the apathy of the A.F. of L., ambitions of labor leaders, and the general condition of society, together with the governmental attitude, brought about a revival of the long advocated idea of industrial unions. The C.I.O. was organized for the unionization of mass production industries. Interests bound up with craft unions opposed the C.I.O. movement within the A.F. of L., and later led to a split. The competition between A.F. of L. and the C.I.O., in which craft lines were to a large extent disregarded even by the former, resulted in a tremendous increase of organized workers. The A.F. of L. claims to have 3,500,000 members today, the C.I.O. reports 2,500,000. No doubt both statements are exaggerated, but the rapid growth of the two organizations can not be denied. It is true that many of the newly organized will drop out again, that they were often admitted without initiation fee and without paying dues. But once again unions have actually worked towards a greater mass basis.

So far as conservatism is concerned the A.F. of L. and the C.I.O. don't differ in the least. There are more radical elements in the rank and file of the C.I.O. than in the A.F. of L., but as far as leadership is concerned one organization is just as corrupt as the other. The bureaucratic control in the C.I.O. is more ruthless than in the A.F. of L. The C.I.O. is obviously also more willing than the A.F. of L. to employ political measures in gaining its end. As regards control over the organization by its leaders, the C.I.O. might well serve as an example for fascist principles of organization. No provision is made for self-expression on the part of the members. A handful of people controls the whole apparatus without reserve. But the workers are not as yet very much interested in this characteristic of the new organization. Unadmitted they are still quite

willing to let others think for them; they actually want a leadership with great power of control and with large influence in society, to make better deals for them. Not the one who is molested by the police, but the one who is a guest at the White House, appears to be more able to do something for the workers. After all, the whole union question is one of bargaining for a better price on the market. The more capitalistic leaders are the best for that purpose. Leaders are not supposed to be enemies of the capitalists, but a good match for them. Lewis, in spite of his history, appears also to the thinking workers within the unions as the best man to get good results. The American workers in their large majority are not as yet opposed to capitalism; they might fight a struggle of life and death with individual capitalistic concerns, but it is to them a struggle against brutal, or stubborn elements of the employing class, while capitalism itself is not hated and not recognized as an enemy. The enthusiasm for unionization is an indication that the American working class is far removed from any real class consciousness.

The organization drive helped to increase the wave of strikes recently taken place. The extent of the strike wave, however, is much exaggerated. The number of strikes occurring at the present time was not only exceeded in every year during the period from 1919 to 1922, but also in 1933 and 1934. Although wage rates in many industries are either back to or nearing the 1929 level, with reduced hours, the workers' earnings are below that level. Total labor income, according to the Survey of Current Business of the Bureau of Foreign and Domestic Commerce, was 19% lower in 1936 than in 1929. This situation has not yet changed. The productivity of the workers was raised to a large extent. The workers were ready to react to this situation, but rather with a view to a permanent betterment of their position than for direct and immediate results. Traditionally unions are looked upon as instruments for securing gains in wages and labor conditions. Here, however, strikes were often conducted with no other goal than the recognition of unions, for closed shops, without regard to wages. The strikes were largely strikes for organization; for instance, the automobile strike and the steel strike. In both strikes the workers gained practically nothing and in the steel strike the C.I.O. was the loser. The strike was waged against the so-called independent companies, involving up to 75,000 workers. The great steel corporations had recognized the unions. But the independents were selected to test the real strength of the C.I.O. The outcome of the struggle will largely determine future agreements with the C.I.O. by the big corporations. also.

At the present time capital is trying to change certain governmental policies. It is not pleased with the taxation program. The National Debt darkens the prospects for profits in the near future. Reduction of the costs of government is one of the proposed means of making life easier for capital. To stop the "spending program" as soon as possible, more pressure must be applied to the Administration for a change of policy. The struggle against the C.I.O. was at the same time a fight against the government, by which the C.I.O. was nourished. Public opinion in turning against the C.I.O., as a result of skillful work on the part of the capitalistic propaganda apparatus, turned also against certain phases of governmental policy.

The brutal attacks on strikers in Chicago and elsewhere were intended to change the "public attitude" towards the C.I.O. and the Government. Labor questions became a nuisance. A desire was created to end the whole mess as soon as possible; to put Labor back where it belongs and have peace again. Skillful propaganda actually had the effect that "public sentiment" shifted the guilt from the murderers to the murdered. After the Chicago slaughter it became obvious that the great public was against the C.I.O., and the latter recognized this situation by backing out of the attempt at organizing the steelworkers by way of strike. The government, under pressure from many sides, could not come to the support of the C.I.O. as its leaders had hoped. The defeat in the steel strike brought a set-back to the C.I.O. Many people see in this failure already the beginning of the end of industrial unionism. Others think that now the C.I.O. will eventually find its way back into the A.F. of L. Still others hope for coming bigger and better battles which will bring triumph to John L. Lewis.

From the point of view of the interests of the workers as a class, the C.I.O. is of no great importance. And so its successes or its failures are no occasion for any great excitement. The C.I.O. is no class struggle organization. It fights for itself, not for the class. The workers are only functioning as instruments to safeguard the incomes of a set of bureaucrats. Even in the beginnings of the C.I.O. the few attempts on the part of the striking workers to have a say in their actions, were strongly opposed by the leaders, who made it clear that the members have to follow orders. The union is not an instrument of the workers, but the latter are the instrument of the union. The ruling body of the United Automobile Workers, for example, voted in June 1937 to call upon local unions to discipline all members for unauthorized stoppage of work, by fine or suspension or both.

There can be no possible doubt that in the C.I.O. the workers are creating an instrument which will eventually prove detrimental to their own interests. The time has passed when trade unionism, even on an industrial scale, could be looked upon as progressive. Rotten as the present C.I.O. leaders no doubt are; but even if they were as the workers wish them to be their performance would necessarily be reactionary.

Not much over 10% of the American workers are unionized. It is not possible that this proportion should increase very considerably. In England also unionization could never exceed 10% of the total number of workers. The value of labor power is determined at any given time by its cost of production and reproduction, though market fluctuation allow of modifications of this law. At times some workers are paid above their value and others below their value. But for society as a whole, the total price of labor is equal to its total value. Unions are job trusts, and like any other monopoly they are often able to keep the wages of their members above the value of labor power. But as any extra profit realized by monopolies is counterbalanced by the losses of other capitalists subject to the laws of the market, so all "extra"-wages above the value-wage are compensated by the underpaying of other workers. Unions can operate as a guarantee for better than general wages only in case they maintain their minority position. A reduction of capitalist surplus value, in order to maintain high wages for unionists is not possible, and if it were possible it would be selfdefeating, for only in a progressive capitalism can monopolies be built up. A capitalism unable to accumulate sufficiently is a capitalism on the decline, in which the unions also necessarily decline. But if high wages of some workers require low wages for others, no class front against capital can be established. If the basic interests of the workers differ, all their conceptions will differ too. The better paid worker, regardless of his greater insight into social problems, will nevertheless be a rather reactionary worker. The problems of union power, closed shops, etc., always benefit only a minority, become problems of reaction. What appears to be in favor of the workers is in reality an obstacle. In the struggles of the class to better its class position, or to abolish itself as a class. Trade unionism, regardless of its philosophy, is bound up with the maintenance of capitalism. The success of the unions is a defeat for the class. Unions are objectively reactionary at a time which precludes further capitalist progress. Union activity is then reduced to bribery.

The future of the C.I.O. as well as that of the A.F. of L. has only two possibilities. If the organization remains a minority, it serves the interest of capital by opposing in its own interest the interests of the class and hindering the development of a class front. If it becomes a mass organization, then it loses the possibility of securing for its members better conditions. The former is possible only in case capitalism is willing to grant concessions to minorities to exploit the majority more; the second position can be realized only in a fascist system, where organization is compulsory. But then trade unionism has ceased to function according to its name, then it is nothing but a political instrument to control the actions of the workers in industry, as is the case in Germany and Russia.

We are unable to appreciate the present enthusiasm for the C.I.O. But we are nevertheless interested in strikes, we support them as much as possible. Within those strikes all must be done to develop self-initiative and self-action on the part of the workers. But since we know that the C.I.O. will not be able or willing to wage such strikes in such a way that the workers will learn to master their own destinies, we will oppose in all strikes both capital as well as capitalistic labor organization, of which the C.I.O. is one. More about this organization in future issues of the C.C.

As to our own activity in this field, we shall return to the matter in a later issue of the C.C.

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STRIKERS and LEADERS

The Economist of May 22, 1937, reports: "After nearly two months the strike of 1,500 engineers employed at Messrs. Beardmore's Parkhead Forge has come to an end, at least temporarily. The men who were working on armaments came out on strike on March 27th because of their employers' refusal to pay an extra penny per hour.... The National Executive of the Amalgamated Engineering Union disapproved of the men's action and sought to persuade them to return to work pending further discussions. The strikers, however, demanded direct negotiation, and were supported by the Glasgow District Committee and a large body of Clyde-side engineers. The National Executive at length recognized the strike, after a decisive ballot of the Parkhead men in favor of the action they had taken, and the way was opened for ending the deadlock."

C O N T R O L o f M A R K E T S

and

W O R L D C A P I T A L I S M

Capitalism of today is essentially world capitalism. Economic problems and interests of nations are so closely interrelated that difficulties arising within one nation affect simultaneously the rest of the capitalist world in one way or another. Time and again attempts have been made to settle these difficulties peacefully by way of cooperation but, as a rule, success is only of limited duration or accomplished at the expense of another nation.

The development of a country follows a certain pattern; it is not modeled after the will and plans of men but is determined by the forces of the prevailing system of production. The specific economic conditions in certain countries, the degree of industrial development, the advance of technic, the standard of living, the control of the political set-up, natural influences like weather conditions, good and poor crops; all these, and many more factors beyond the human will, play a role and make all good-will assurances of cooperation at the end ineffective.

The productive system sets specific demands upon capital. When profits were not large enough anymore to satisfy the needs of accumulation at home, industrialists resorted to the exportation of capital and commodities to undeveloped countries. This was, at the beginning, a very successful move since it enabled capitalists to exploit native laborers, much more than the workers in capitalistically developed countries, thus realizing higher profits. Furthermore, the acquisition of raw materials and foodstuffs reduced in their home countries production cost of commodities and reproduction cost of the workers, relative to their increased productivity. Expansion which, on the one hand, proved to be a necessity for progressive capitalism, was, on the other hand, also a very lucrative adventure. Since opportunities for expansion were limited competition became international. Furthermore, formerly backward countries were being developed by foreign nations and the bourgeoisie of these countries started to build up its own national industry, thus increasing the list of competitors.

Competition within crisis conditions called for trade agreements, tariffs, quotas, restriction schemes, attempts at stabilization of currencies, economic investigation committees, and endless international conferences to bring economic appeasement to the world. Since there are comparatively few undeveloped countries on the world map left to be parceled out for capitalistic exploitation, and since a great many nations are prospective candidates, it becomes extremely difficult to increase the field of profitable capital investment. And it most certainly cannot be achieved in a peaceful way. Capitalists today, that is those belonging to the "have" nations, in the first respect center their efforts around defense of once acquired fields of investment. These, however, that do not "have", struggle very hard to change their future status. Preparedness is the demand of the present, rearmament on a gigantic scale the result and independence, so far as raw materials and foodstuffs are concerned, the aim.

Financial, political and social difficulties gave rise to conscious control schemes. On account of the wide consequences government intervention was required in most cases. A great many attempts were made towards equalizing supply and demand to stabilize the price of a certain commodity at a profitable level, or restricting the actual output of commodities. Regulation of prices is usually a difficult and costly project and accompanied by a huge waste of material, as we shall see later. Restriction schemes, on the other hand, very often not only remain intact when recovery sets in, but they are utilized for monopolistic exploitation. International cooperation is a prerequisite for the smooth functioning of these schemes, and that this is not always easy to attain may be gathered from the examples given below. Other control schemes aim at independence or self-sufficiency. They, as a rule, necessitate high protective tariffs and quotas to develop the home industries raising, of course, the commodity prices greatly.

The last war changed the economic situation considerably, and conscious control appeared much more desirable. Production, due to certain conditions, diminished in one industry and was stimulated in another; some pre-war markets were closed to certain countries, or under the protection of competing nations. Others lost their colonial possessions and became dependent on foreign powers for their supplies of raw materials and foodstuffs. The great danger incorporated in this dependence, especially in case of war, led those nations to develop their home-industries as much as possible. To compete against the often better equipped and more efficient foreign competitors, the national industry had to be protected by high duties. For example, almost every country tried to be self-sufficient after the last war as regards sugar, no matter at what cost. The cost of production in Great Britain, considering the financing of tariffs, subsidies, etc., is about three times as high for home sugar, and two times as high for preferential sugar than the supply bought in the world market, and yet independence and development of the national industry is a greater necessity than low prices. The sugar industry, by the way, illustrates well a number of the points raised before, and for the better understanding a few details may be cited. *)

Cost and methods of production of sugar vary considerably. There are two sorts of sugar: beet sugar and cane sugar. Cuba and Java are the two leading producers of cane sugar. Java, before the war, more or less supplied the East (China, Japan, India) while, for instance, Great Britain and the U.S.A. used to purchase a large part of their needs from Cuba. The Cuban sugar industry achieves low cost production by relying mainly on nature. Since there is an abundance of fertile land, little effort is spent in cultivation and, due to other natural influences, production is relatively easy and profitable. Java, on the other hand, attains this low-cost

*) The following examples are taken from the book "Markets and Men", by J.W.F. Rowe. MacMillan Company, New York, 1956.

production by application of much capital and labor in an extremely scientific and intensive cultivation. During the war, vast areas of beet sugar were destroyed in Europe, causing a lack of sugar and stimulating simultaneously new planting in Cuba. Cuba was practically the only country capable at that time to expand production, which became even more profitable through new equipment and technological improvements, reducing the cost to about one half of the former price. But after the war the European Beet Sugar Industry recovered, and by 1925 the sugar industry witnessed a tremendous output. The price now fell below production cost and Cuba finally decided to restrict her output. Java did not follow suit, and as the European countries protected their home industries by high tariffs and quotas, it was a case of Cuba against the world. The failure of the Cuban restriction scheme to raise the price finally resulted in the abandonment of the plan. However, shortly afterwards the chaotic situation was increased by record crops all over the world, and even Java found it then impossible to sell her crops. Previously Java had refused to agree to restriction because a new variety of cane had been introduced which gave a 30 % greater yield and enabled her to retain a profitable price, in spite of the general low level. Now, the unexpected overabundance of stocks and continuous decline of the price forced Java to yield and join the international sugar agreement in 1931. But the scheme was not very effective since countries not belonging to the control scheme committee profited by restriction in raising their own production. The international agreement was not renewed in 1935 because "the members of the committee felt that nothing was to be gained by further collective action, and that the time had come for them to fight out amongst themselves which of them should supply what remained of the world market."

Nevertheless, hope to settle the difficulties has not vanished and conferences are being continued, as the one a few months ago in London with a large number of participants. News papers remarked in this respect "...this parley, which was expected to demonstrate international cooperation in one economic field, is apparently going from bad to worse due to the extraordinary demands of many countries, such as the Soviet Union, which today demanded an export quota of 400,000 tons annually, although she has never exported more than a fraction of that total". And then "...22 nations agreed on sugar quotas...setting an example of international cooperation...remarkable accomplishment..." And in another corner of the press..."the total output has been fixed at 3,600,000 tons a year, in contrast to a visible demand for 3,000,000 tons ... Officials believe, however, that the new plan has an excellent chance to succeed in view of the increasing restoration of economic stability throughout the world which broadens the consumer market." In other words, only another period of prosperity with an increased demand can save the sugar situation. There was no other choice left for international 'cooperation' than to place all hope into the future - a wish-recovery .

Control schemes were also tried on cotton and wheat, whose price, due to an overabundance, brought about by the decrease in capital accumulation, dropped far below profitability. To protect the

American farmer, millions of bushels of wheat were bought by the Federal Farm Relief Board. Later (in 1933) this policy was changed to direct control of acreage under wheat, which means that the farmers received a compensation for leaving the land unplanted. This compensation was financed through a tax on flour. The abundance of wheat in the international market and the resulting low price, with steadily increasing capacity in production, led finally to the International Wheat Agreement (1937). However, on account of the drought, this did not prove very profitable for the U.S.A. and Canada in 1934, and these countries then even became importers. In the meantime other countries, like Russia and Argentina, increased their output and a general disorganization in control schemes of wheat took place. Speculation runs high in this field, and the exchange market reflects any change of the situation at once. Natural as well as economic forces may change the picture overnight, and a general feeling of insecurity persists.

Quite different is the situation in the tin and copper industries. These are highly organized and concentrated in a few hands, mostly simultaneously owners of high-cost and low-cost mines, in the U.S.A., Chile, Peru. For this reason it was so far possible to maintain a rather high price, not justified by the new and lower-cost mines. If the productive apparatus had not been monopolized, the high-cost mines would have been forced into bankruptcy long ago. Only for this reason could the price be kept artificially high. But, stimulated by the apparent profitability in this industry, new mines developed in the meantime in Bolivia and Nigeria, capable of producing, due to advanced technical equipment, much more cheaply. And thus monopolization does not seem to be able to safeguard an artificially high price for very long. Wherever there still is a chance of profitability, competitive forces will find their way, although now we have to deal with nations instead of individuals.

It took a long time to come to control schemes in the rubber industry. A number of factors are responsible for this development, and it may be of interest to investigate a little closer the driving forces that caused the growth of competition. accelerated technical progress, brought about collapse to the whole industry, made government intervention very difficult and continue to cause much concern.

The world's most important rubber producing areas are: the Malay Peninsula, mostly under British dominance; the Netherland East Indies; Ceylon and Sumatra. The production of the rest of the world is negligible. The different methods in cultivation and tapping the rubber trees are of great importance; they, as a matter of fact, determine the profitability of the capitalistically operated estates. Now, the policy of most European estates on Malaya, is a steady permanent output and, by applying scientific methods, improved management and rationalization, to obtain a maximum yield. Selective breeding of trees more than doubled the average yield. The factories are at central points on the

estate where the rubber liquid is cleaned, solidified, rolled, smoked and packed, all of which reduced the cost of production considerably, in contrast to the primitive method of production. British estates get most of their laborers from India. This mode of production is well organized and it is essentially a capitalistic one; it is more or less the same for Malaya, Ceylon and the Dutch East Indies. The local competition consists of a large number of native producers on the Malay Peninsula, possessing small estates on which the owner and his family do the whole work. Conditions are very different in this case. The Malay native plants the trees close together, taps them often and carelessly, uses very simple methods and is, as a rule, within fairly easy reach of a market. The native producer has no large capital outlay and he has no ambition to get rich. He does not increase his output when prices are high, but only when prices are low, since he needs almost always the same amount of cash in order to buy manufactured goods for his livelihood.

The natives of the Dutch East Indies produce rubber in a still different way. The staple product and means of existence there is rice. Due to the abundance of land, a native clears about 2 acres of forest land each year for his rice production, and then he moves on with his hut. In the course of time he learned about rubber, the wealth producing commodity, and especially in 1925/26 when prices were high an enormous amount of planting took place. Rubber became a by-product of the native's agricultural operations, which means that he simply put rubber seeds into the grounds with the thumb when he planted the rice crop. Little care was spent on the cultivation of trees. The native of the Dutch Indies only taps the trees when prices are high, and at that time he will try to sell as much as possible.

All these different modes of production and varying conditions had, of course, different effects and influences on the economic situation and forced to different actions at a particular time. In 1900, practically none of these producers existed; the main supply of rubber came from the Amazon Valley and Central Africa. The total output at that time amounted to about 83,000 tons from Amazon and Africa and about 11,000 tons from the East. Then the rapid growth of the motor-car industry gave life to a new field of exploitation and led to the fast development of estates on Malaya, Ceylon, and Java, soon to be followed by planting of the natives. In 1919 no less than 350,000 tons of rubber were exported from the East. In 1920 an enormous fall in the price of rubber occurred and gigantic surplus stocks accrued. British investment capital was in danger, and the British Government thought it necessary to intervene. Cooperation was, however, refused by the Dutch Government. Being almost exclusively dependent on taxes and other levies of her colonies, Holland on account of the different situation in the Dutch East Indies saw no reason to apply restriction, and thus England started the control scheme alone. All went comparatively well up to the year of 1925, when the demand for rubber was very large, especially from the U.S.A. Exports increased considerably and mainly, of course, from the Dutch Indies. Enormous profits were made, pro-

duction stimulated and --prices fell again. More restriction was imposed by the British Government, while other countries still increased their output. Finally England realized the ineffectiveness of her efforts and abandoned restriction. Up to 1929 conditions in the rubber industry were still bearable, but with the general collapse of the economic life in 1930 competition between the European owned estates (who, in the meantime, had developed new methods for cheaper cost production) and the natives became so sharp that conditions were absolutely chaotic. In 1932 the price had fallen to 1½ d per lb. (Against a production cost of 5d.) Now, also the Dutch Government thought it advisable to come to terms with the competitors. Negotiations were resumed with England which led to some sort of production-quota-agreement. For some time conditions improved and profitability was again assured, at least for a number of producers. However, due to the varying conditions and different interests of the Dutch and English rubber producers and the natives, control is so difficult and costly that the situation is not at all stable, the more so since profitability is in general dependent on a world recovery and prosperity period and is, furthermore, greatly influenced by the advance of technic. In this respect the efforts of the German government, to promote the production of artificial rubber (called buna) may well be mentioned. The cost of production of buna is still about 3 times as high as natural rubber, but with science and technic fully employed in this process, it does not seem out of place to figure with a revolution in the rubber industry in due time.

A few words may be added about the coffee industry where a number of schemes have been tried. The whole economic life of Brazil is practically dependent on the export of coffee. Brazil's coffee industry, due to favorable conditions, had developed greatly during the last few decades, and since the world's consumption did not rise correspondingly, a collapse was bound to come. Many unsuccessful attempts at maintaining a profitable price were made, and finally, starting in 1931, a policy of destruction was pursued. A crop restriction (picking fewer trees) would not have been favorable since the vast territories involved would have required an enormous number of officials and administrative offices to watch over the situation. Already as early as 1923 a control scheme had been introduced. The 1929 depression and natural influences, such as several so-called bumper crops, caused a terrific abundance of coffee, which meant ruin for many planters and threatened the entire economic life of Brazil. In addition, on account of the previous comparatively profitable conditions of the coffee industry many were induced to invest surplus capital in new planting which around this time carried fruit and increased the bumper-crop still further. The government then took complete charge of the surplus coffee to prevent a further decline in the price. The destruction period set in. Up to 1935 about 35 million bags of coffee were burned, financed by an export tax on coffee. It sounds fantastic and almost incredible that capitalism, in order to preserve itself, had to take recourse to such a costly waste and destruction of labor power and commodity. But, since commodities under the capitalist system are produced in the first place for the market and only secondarily for use, the horror of abundan-

co forced it to do away with this unprofitable situation. To illustrate the extent of destruction better, the following lines may be quoted from "Markets and Men": "... over one million people worked for two whole years, sweated from morning to night ... looked after 2000 million coffee trees...by a long series of operations, carried by mules or by lorries over rough roads to the railway...At the end of that journey it was thrown into enormous heaps, and with the aid of petrol these heaps were set alight until the last coffee bean had been completely destroyed...Two whole year's work gone up in smoke".

Brazil, however, unlike countries that are dependent on one product only, has one hope to escape the dilemma, namely, to grow other products. One of them is cotton, and it has already been found that Brazil can produce this commodity at half the cost of the U.S.A. What this means to the farmers of the U.S.A. is only a question of the near future. On June 17, 1937, we read in the New York Times: "Brazil held throat in cotton markets. United States cotton is losing its place in world markets. Foreign producers, including Brazil, increased production from 13,000,000 bales in 1934 to almost 18,000,000 bales last year."

III.

At this stage of capitalist development, all economic conferences are doomed to fail. Even newspapers are sceptical. Said the New York Times on the occasion of the recent international conference at Geneva "...it is hard to see how any ambitious conference on economic problems could be better than a fiasco even if it were summoned a year from now. The conference method is felt to be too productive of friction to be used and there is no sign as yet of that give and take in economic policies which is essential to the success of any conference...It is proving increasingly difficult for some nations to open the blocked channels of international trade, no matter how earnestly their leaders would like to do so".

And Germany, not attending the international conference, was bold enough to state that "she was disinclined to participate in useless discussions and economic conferences that pose problems falsely and represent perhaps merely a detour for the attainment of quite definite political objects." Norman Davis, American spokesman at the recent sugar parley in London, also expressed quite frankly his feelings about "the apparent general unwillingness of the European powers to discuss now disarmament plans and economic problems at this time—despite occasional public statements to the contrary".

Despite this, the League of Nations carries on and still gets the attention of the public with 'serious' disarmament, economic and whatnot conferences. Its hypocritical character has been exposed time and again. Economic conferences are inevitably linked up with disarmament and peace talks, and since the League failed so notably in action and effect as far as the latter is concerned, it is now deemed highly in place by the proper powers, to preserve the last glimmer of life in this decaying corpse. The Imperial Conference in London, which came to a close or, rather, once again

adjourned a couple of weeks ago, suggested that the League "be divorced from peace treaties".

IV.

Access to and control of raw materials and foodstuffs are extremely urgent demands. The last war showed that military power is not measured by territory and population but by a nation's equipment and capacity which implies the possession of, or securing access to the basic industrial raw materials.

Some countries are very rich in raw materials or resources: for instance England, the U.S.A., Russia and Holland, while others like Italy, Germany, Japan, are extremely poor. The latter are dependent on the former which not only means that the "have"-nations are in a position to make extra-profits, but that they also exert great material influence over the "have-nots" in case of war.

Germany's dependence on foreign markets and supplies, especially after the great war and already during the war, is well known. Failing in her many attempts to get back her colonies and raw materials, she now works at a forced pace to produce synthetic supplies. The new 4-year plan is designed to reduce her dependence considerably. Maximum self-sufficiency is the goal. The plan aims at making Germany independent of foreign oil, rubber, textiles, metals, foodstuffs, etc. The scheme calls for considerable capital to develop the respective home industries, but industry and consumers have to contribute their share to the self-sufficiency plans of the government. Tariffs are levied, as for instance the 100% tax on rubber imports to finance the production of artificial rubber. A vigorous price control is exerted upon industry and agriculture. Profits are restricted, and exports are being pushed. Trading without money, e.g. payment in machines or armaments, is preferred. Under the 4-year plan encouragement is given to practically every form of raw material production. Home iron production rose from 1,340,000 tons in 1932 to 5,000,000 tons last year. Domestic zinc production increased 100 per cent and is expected to make Germany independent shortly. Borings of mineral oil is encouraged, and the output was doubled between 1933 and 1935. An army of chemists and research workers is busy experimenting with the production of synthetic rubber, petrol, oil by hydrogenation from coal, artificial silk and staple fiber, textiles and foodstuffs from timber, like raw wood sugar, alcohol, glycerin, fat proteins, carbohydrates, and so forth. Subsidies are given to breeders of silk worms, flax growers and sheep raisers. While everything is being done to solve the raw material shortage, economy is being urged. Regeneration schemes for used materials have been designed, as for instance the collection of used oil, old metals, and textiles and fiber waste materials of which alone 800 classifications are in existence for the door-to-door canvassing of the Hitler Youth.

Italy, the poorest among the world's great nations, as far as raw materials and colonies are concerned, has become a new competitor in the production of coffee. Her expansion attempts begin to bear fruit. At the beginning of the year the first coffee from Ethiopia was put on sale in Italy. So far very little has

been coming from Ethiopia, and not until Italian settlers introduce up-to-date methods of tilling the soil and exploiting the vast mineral wealth that Ethiopia is reputed to possess, will Italy get much out of Ethiopia. The development is dependent on the speed with which the capital necessary for adequate development can be raised. "Nobody here doubts, however, that in Ethiopia Italy has acquired what in the long run will prove a most valuable piece of property", says a report from Italy.

Japan is another one of those nations whose economic development has been long hampered by other imperialist powers. It goes without saying that Japan is an enemy of the status quo; she may be compared to a nation that came of age after the empty and desirable spaces of the world had been parceled out. As far as territory goes, Japan differs considerably from Germany. In the short space of 40 years the territory controlled by Japan has expanded, after the wars with China, Russia, Manchuria, more than fivefold. But as far as industrial resources are concerned, her northern acquisitions have not made good the deficiency of the basic materials needed for the maintenance of modern armies, fleets and flying forces. 60% of Japan's total imports are invested in primary industrial necessities; cotton, metals, wool, oil. While there is no difficulty in obtaining these in the open market, the dependence on other nations is a very unsound situation for a young and growing capitalist country like Japan. Japan's rapid rise in population has been one of the chief factors behind her aggressive policy. Japan's interest in North China is inspired by the knowledge that the region contains the best iron ore and one of the world's richest coal fields. The lack of oil, an indispensable product for armament, is most acute. Japan today uses 4 times the quantity of oil products consumed a decade ago. The proportion of domestic production in comparison to consumption has fallen from 24% in 1923 to 8% in 1934. A law compels all oil companies to hold a six months' reserve supply. Under pressure from army and navy large schemes are promoted for the extraction of oil from coal. To take care of the growing national difficulties, a five-year plan has been advocated recently for "expansion of production", giving the government large powers over trade, finance and labor. It includes an attempt at "self-sufficiency in the production of important commodities and at the development of substitutes for needed materials which are not produced at home". The State, it is reported, contemplates compulsory labor service, rationalization and control of essential industries, control of banking and investment, increased control over foreign exchange, and promotion of exports and restriction of imports. And, according to the Minister of Commerce and Industry "in view of the situation at home and abroad, the first necessity is the replenishment of armaments."

Monopolization attempts, or nationalization of industries, in order to overcome unprofitability, or to strengthen the national structure of a country, take place continuously all over the world. To mention only the nationalization attempts in Mexico. Wealthy in natural resources, she is one of the greatest mining countries in the world (silver, petroleum, coal, mercury). Her agricultural products are wheat, sugar, cotton, tobacco. She produces 1/3 of the world's silver, 1/20 of gold, and is 6th in rank in producing

copper. Industrialization is comparatively undeveloped, and the few flourishing enterprises and basic markets are mostly in the hands of foreign concerns. But, forced by inner economic forces, Mexico is now determined to push the official 6-year plan for the "Mexicanization" of her local industries. An expropriation law was introduced a short time ago. The Mexican Supreme Court annulled the foreign leases for petroleum and the government assumed control. This act was soon followed by the expropriation of the National Railways, in which English capital has invested 37%, United States 30%, and France, Germany and Belgium correspondingly smaller amounts. A new tax of 35% has been placed on American business enterprises to reduce their trade. Under a Mexican Agrarian Code seizures of land from American companies took place; the land is to be divided among Mexican peasants. In spite of strong protests from the American side, the "law" is on Mexico's side. But the friction between the two countries increases.

The Greek government extended recently the State monopolies to include gasoline, kerosene and other fuels. In Turkey, a state controlled oil-monopoly was introduced. There also the protests of American and British legations against bankruptcies of their distributors were of no avail. Many more examples along this line could be quoted; all have a common source and a definite aim. Now and then, open warfare is resorted to to force a quicker settlement of conflicting capitalist interest, although the battles are usually fought under cover. The war between Bolivia and Paraguay was essentially a struggle of the American against the English-Dutch oil interests. In the Chinese struggle many nations besides Japan, are interested and the disputes are by no means settled. In Spain we have in the last analysis, to deal with English investment capital against Italian and German interests.

England, Europe's greatest ruling power, does the logical thing while she still has her possessions. She talks about cooperation, advocates neutrality and proposes all sorts of meetings and conferences, only to win time to be better prepared for the future slaughter. A few weeks ago she quietly managed to put herself into a dominant strategic position in the Central European steel industry to the benefit of her rearmament program. Through the purchase of a large share in the greatest Czechoslovakian iron and steel works, she acquired a key position in the Danubian basin strengthening thereby her position in regard to Italy, France and other powers whose ammunition manufacturers have considerable contracts for raw materials with this steel concern. This step, indirectly, may be regarded an echo to France's attitude on "Socialization of War Plants". Already in March of this year the French Government took over the armament plant of Schneider-Creusot. An expropriation law was passed by the French Parliament, enabling the government to control munition supplies more directly. Any action reflecting the economic situation finds repercussions somewhere else.

Summary

The present economic development tends towards greater monopolization, trustification and even state control. While these retard

the development of the productive forces, they at the same time increase competition on an international scale. Attempts at international cooperation are made, and artificial or conscious control of markets and production seems as a way out. This, in turn, gives rise to trade agreements, tariffs, quotas, restriction schemes, etc., involving an enormous cost, waste and destruction of materials.

The accumulation process requires continuously growing profits, but the opportunities for world capitalism to expand and acquire new fields of profitability are very limited. According to statistics, world trade increased between 1860 and 1900 by 6.3% per year, between 1910 and 1913 it fell to 4.5% and between 1920 and 1929 it amounted to only 0.57%.

Since the incapability of nations to cooperate on a world-wide scale is evident, and the attempts at conscious control of markets and production only temporarily successful, all indications point towards a forceful solution of the complex situation. Weaker capitalists, or nations, have to be eliminated to enable the stronger ones to prolong their existence. To cope with the situation, every nation prepares for the future slaughter and strives, first of all, for independence as far as raw materials and foodstuffs are concerned, and the armament industry seems to be the most profitable field of investment. Under the circumstances, attempts at nationalization and state control become a necessity.

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" THE BARRICADES MUST BE TORN DOWN "

Moscow-Fascism in Spain

On May 7, 1937, the CNT-FAI of Barcelona broadcast the following order: " The barricades must be torn down! The hours of crisis have passed. Calm must be established. But rumors are circulating throughout the city, contradicting the reports of a return to normality such as we are now issuing. The barricades are a contributing factor to this confusion. We don't need the barricades now that fighting has stopped. The barricades serve no purpose now, and their continued existence might give the impression that we wish to return to the previous state of affairs--and that is not true. Comrades, let us cooperate for the re-establishment of a completely normal civil life. Everything that hinders such a return must disappear."

And then began the normal life, that is, the terror of the Moscow-Fascists. Murder and imprisonment of revolutionary workers. The silencing of the revolutionary forces, the silencing of their papers, their radio stations, the elimination of all positions they had previously attained. Counter-revolution triumphed in Catalonia, where, as we were so often assured by the anarchist leaders and those of the POUM they were already on the March towards Socialism. The counter-revolutionary forces of the "People's Front" were welcomed by the anarchist leaders. The victims were supposed to hail their butchers. "When an attempt was made to find a solution and reestablish order in Barcelona", we read in a CNT bulletin, " the CNT and FAI were the first to offer their collaboration ; they were the first to put forward the demand to stop the shooting and try to pacify Barcelona. When the Central Government took over public order, the CNT was among the first to put at the disposal of the representative of Public Order, all the forces under its control. When the Central Government decided to send armed forces to Barcelona in order to control the political forces which would not obey the public authorities, the CNT was once more the one to order all the districts to facilitate the passage of these forces, that they might reach Barcelona and establish order".

Yes, the CNT has done the utmost to help to carry the Valencia Counter-revolution into Barcelona. The imprisoned workers may thank their anarchist leaders for their confinement, which ends before the firing squads of the Moscow-Fascists. The dead workers are removed together with their barricades; they were silenced so that their leaders might continue to talk. What excitement on the part of the neo-bolsheviks ! "Moscow has murdered revolutionary workers," they shout. " For the first time in its history, the Third International is shooting from the other side of the barricades. Before this time it had only betrayed the cause, but now it is openly fighting against communism." And what did these angry shouters expect from state capitalist Russia and its Foreign Legion? Help for the Spanish workers? Capitalism in all

forms has only one answer for workers opposed to exploitation: murder. A united front with the socialists or with the party-"communists" is a united front with capitalism, which can only be a united front for capitalism. There is no use in scolding Moscow, there is no sense in criticizing the socialists; both must be fought to the end. But now, the revolutionary workers must recognize that also the anarchist leaders, that also the "apparatchiks" of the CNT and FAI oppose the interests of the workers, belong to the enemy camp. United with capitalism they had to serve capitalism; and where phrases were powerless, betrayal became the order of the day. Tomorrow they may be shooting against rebelling workers just as the "communist" butchers of the "Karl Marx Barracks" shoot today. The counter-revolution extends all the way from Franco to Santillan.

Once more, as so often before, the disappointed revolutionary workers denounce their cowardly leadership, and then - they look around for new and better leaders, for improved organization. The "Friends of Durrutti" split away from the corrupted leaders of the CNT and FAI in order to restore original anarchism, to safeguard the ideal, to maintain the revolutionary tradition. They have learned a few things, but they have not learned enough. The workers of the POUM are deeply disappointed in Gorkin, Min and Company. These Leninists were not leninistic enough, and the party members look around for better Lenins. They have learned, but so little. The tradition of the past hangs like a stone around their neck. A change of men and a revival of the organization is not enough. A communist revolution is not made by leaders and organizations; it is made by the workers, by the class. Once more the workers are hoping for changes in the "People's Front", which might after all bring about a revolutionary turn. Caballero, discarded by Moscow, might come back on the shoulders of the UGT-members, who have learned and seen the light. Moscow, disappointed in not finding the proper help from the democratic nations, might become radical again. All this is nonsense! The forces of the "People's Front", Caballero and Moscow, are unable, even if they wanted, to defeat capitalism in Spain. Capitalistic forces can not have socialistic policies. The People's Front is not a lesser evil for the workers, it is only another form of capitalist dictatorship in addition to Fascism. The struggle must be against capitalism.

The present attitude of the CNT is not new. A few months ago the Catalan president Companys said that the CNT "has no thought of impairing the democratic regime in Spain, but stands for legality and order". Like all other anti-Fascist organizations in Spain, the CNT, notwithstanding its radical phraseology, has restricted its struggle to the war against Franco. The program of collectivization, partly realized as a war necessity, did not impair capitalist principles or capitalism as such. Insofar as the CNT has spoken of a final goal, it suggested some modified form of state capitalism, in which the trade union bureaucracy and its philosophical anarchist friends would have the power. But even this goal was only for the distant future. Not one real step in this direction was undertaken, for one real step towards a state

capitalist system would have meant the end of the "People's Front", would have meant barricades in Catalonia and a civil war within the civil war. The contradiction between its "theory" and its "practice" was explained by the anarchists in the manner of all fakery, that "theory is one thing and practice another, that the second is never so harmonious as the first". The CNT realized that it had no real plan for the reconstruction of society; it realized further, that it did not have the masses of Spain behind itself, but only a part of the workers in one part of the country; it realized its weakness, national as well as international, and its radical phrases were only designed to conceal the utter weakness of the movement in the conditions created by the civil war. There are many possible excuses for the position the anarchists have taken, but there is none for their program of falsification which beclouded the whole labor movement and worked to the advantage of the Moscow-Fascists. Trying to make believe that socialism was on the march in Catalonia and that this was possible without a break with the People's Front Government meant the straightening of the People's Front forces till they were able to dictate also to the Spanish anarchist workers. Anarchism in Spain accepted one form of fascism, disguised as a democratic movement to help to crush Franco-Fascism. It is not true, as the anarchists today try to make their followers believe that there was no other alternative, and hence that all criticism directed against the CNT is unjustified. The anarchists could have tried, after July 19, 1936, to establish worker's power in Catalonia; they could also have tried to crush the Government forces in Barcelona in May 1937. They could have marched against both the Franco-Fascists and the Moscow-Fascists. Most probably they would have been defeated; possibly Franco would have won and smashed the anarchists as well as his competitors of the "People's Front". Open capitalist intervention might have set in at once. But there was also another possibility, though much less likely. The French workers might have gone farther than to a mere stay-in strike; open intervention might have led to a war in which all the powers would have been involved. The struggle would at once have turned on clear issues, between Capitalism and Communism. Whatever might have happened, one thing is sure: the chaotic condition of world capitalism would have been made still more chaotic. Without catastrophes no change of society is possible. Any real attack on the capitalist system might have hastened reaction, but reaction will set in anyhow, even if somewhat delayed. This delay will cost more workers' lives than would any premature attempt to crush the system of exploitation. But a real attack on capitalism might have created a condition more favorable to international action on the part of the working class, or it might have brought about a situation which would have sharpened all capitalist contradictions and so hastened historical development toward the breakdown of capitalism. In the beginning is the deed. But the CNT, we are told, felt so much responsibility for the lives of the workers. It wanted to avoid unnecessary bloodshed. What cynicism! More than a million people have already died in the civil war. If one has to die anyway, he might as well die for a worthy cause.

The struggle against the whole of capitalism, that struggle which the CNT wanted to avoid - can not be avoided. The workers' revolution must be radical from the very outset, or it will be lost. There was required the complete expropriation of the possessing classes, the elimination of all power other than that of the armed workers, and the struggle against all elements opposing such a course. Not doing this, the May days of Barcelona and the elimination of the revolutionary elements in Spain were inevitable. The CNT never approached the question of revolution from the viewpoint of the working class, but has always been concerned first of all with the organization. It was acting for the workers and with the aid of the workers, but was not interested in the self-initiative and action of the workers independent of organizational interests. What counted here was not the revolution but the CNT. And from the point of view of the interests of the CNT the anarchists had to distinguish between Fascism and Capitalism, between War and Peace. From this point of view, it was forced to participate in capitalis-nationalist policies and it had to tell the workers to cooperate with one enemy in order to crush another, in order later to be crushed by the first. The radical phrases of the anarchists were not to be followed; they only served as an instrument in the control of the workers by the apparatus of the CNT, "without the CNT", they wrote proudly. "anti-fascist Spain cannot be governed." They wanted to participate in governing the workers and ordering them around. They only asked for their proper share of the spoils, for they recognized that they could not very well have the whole for themselves. Like the bolsheviks, they identified their own organizational needs with the needs and interests of the working class. What they decided was good, there was no need for the workers to think and decide for themselves, as this would only hinder the struggle and create confusion; the workers simply had to follow their saviors. Not a single attempt to organize and consolidate real working class power. The CNT spoke anarchistically and acted bolshevistic-ally, that is, capitalistically. In order to rule, or participate in the rule, it had to oppose all self-initiative on the part of the workers and so it had to stand for legality and order and government.

But there were more organizations in the field, and there is no identity of interests among those organizations. Each one is struggling against all others for supremacy, for the sole rule over the workers. The sharing of power by a number of organizations does not do away with the struggle between them. At times all organizations are forced to cooperate, but this is only a postponement of the final reckoning. One group must control. At the same time that the anarchists were proceeding from "one success to the other", their position was continuously being undermined and weakened. The CNT's assertion that it would not dictate to other organizations, or work against them, was in reality only a plea not to be attacked by others - a recognition of its own weakness. Being engaged in capitalist policy with its allies of the People's Front, it left the broad masses with the possibility of choosing their favorite from among the bourgeois elements. The one who offered the most had the best chance. Moscow fascism

came into vogue even in Catalonia. For the masses saw in the support of Moscow the strength necessary for doing away with Franco and the War. Moscow and its People's Front government meant international capitalistic support. Moscow gained in influence, for the broad masses of Spain were still in favor of the continuation of the exploitation society. And they were strengthened in this attitude by the fact that the anarchists did nothing to clarify the situation, that is, to show that help from Moscow meant nothing more than the fight for a capitalism which pleases a few imperialist powers, even though it may disappoint others. The anarchists became propagandists for the Moscow brand of fascism, the servants of those capitalist interests which oppose the present Franco plans in Spain. The revolution became a playground of imperialist rivals. The masses had to die without knowing for whom or for what. The whole affair ceased to be the affair of the workers. And now it has also ceased to be the affair of the CNT. The war may be ended at any time by a compromise agreement between the imperialist powers. It may be ended with a defeat or with a success of Franco. Franco may drop Italy and Germany and turn to England and France. Or the former countries may cease to pay further attention to Franco. The situation in Spain might be decisively altered by the war brewing in the Far East. There is still a number of possibilities in addition to the most likely one, that is, victory for Franco-Fascism. But whatever happens, unless the workers throw up new barricades against the Loyalists also, unless the workers really attack capitalism, then whatever may be the outcome of the struggle in Spain it will have no real meaning to the working class, which will still be exploited and suppressed. A change in the military situation in Spain might force Moscow-Fascism once more to don the revolutionary garb. But from the viewpoint of the interests of the Spanish workers, as well as of the workers of the world, there is no difference between Franco-Fascism and Moscow Fascism, however much difference there may be between Franco and Moscow. The barricades, if again erected, should not be torn down. The revolutionary watchword for Spain is: Down with the Fascists and also down with the Loyalists. However futile, in view of the present world situation, might be the attempt to fight for communism, still this is the only course for workers to adopt. "Better the sense of futility than the morbid energy that expends itself on false roads. We will preserve our sense of truth, of reason at all cost, even at the cost of futility."

A Leader of the Workers in Spain: Comunicat De Premsa, Barcelona, May 26, published by the Generalitat De Catalunya, reports: Norman Thomas has just spent two very busy days in Barcelona, accompanied by Mrs. Thomas, who goes with him on all his travels. The first day of their visit, Mr. and Mrs. Thomas visited the refugees now accommodated in the Stadium. Mr. Thomas commented with admiration...he spoke on the radio, words of encouragement, and afterwards viewed by moonlight the beautiful Generalitat Palace. Mr. Thomas was received by President Companys, and was presented with a bouquet tied with a ribbon in the colours of Catalonia's ancient flag, etc"

RACKETEERING

A Phase of Class Conflict

With the inception of the capitalist mode of production in America, the underworld became the instrument of class warfare, used first by the industrial capitalists against workers, now employed intermittently by both classes, one against the other.

In dealing with the subject of criminality and the part it plays in class warfare in the United States, we have to disregard terms such as "labor racketeering" and "trade racketeering" for they are confusing and would therefore add nothing to the understanding of the subject. If by labor racketeering is meant the employment of thugs by labor leaders against capitalists, union members and non-union workers, then the use of the underworld by capitalists against workers may be considered "capitalist racketeering", and when the underworld eventually becomes the instrument of small business men in their attempts to regulate commerce in their own behalf, such doings are termed "trade racketeering", altho in the latter case are involved business-men, labor leaders, politicians, lawyers, as well as gangsters. If we deal with racketeering according to the terms given it by jurisprudence, we are likely to find ourselves adrift. There is only one angle from which to view racketeering, and that is, to forget terms and treat the subject historically as a social phenomenon peculiar to and arising from the relations of capitalist production in this country.

Generally speaking, crimes are acts forbidden by law. This means that punishment is meted out to the performer not for any moral transgression, but for violation of the law. Certain acts are made unlawful because the political representatives in state legislatures must consider the demands of those sections of society that put them in office. Violation of the Eighteenth Amendment, for example, was a crime punishable by law, and this aside from the fact that the Eighteenth Amendment was intended in part to abolish unemployment and poverty and was annulled for the same reasons. Legislatures are continually forced to abolish criminal statutes, for the changes in the way people make their living in class societies determine the abolition of old crimes as well as giving rise to new ones.

It so happened that in the middle of the last century no country in the world was undergoing such rapid changes in its economic structure as that of America.

Charles and Mary Beard, in "Rise of American Civilization", clearly depict these abortive transformations. In the course of a few decades, the hamlets and cross-roads of the Middle West spread into cities and became great industrial centers. No country in Europe had within its boundaries three powerful classes, such as capitalists, independent farmers and a landed aristocracy. No country in Europe possessed vast tracts of fertile land, available for distribution to the population "by political methods and viewed as a means of commanding party majorities requisite for other ends." The vastness of the country, the inability of the capitalist class at first to wrest control of the Federal government from the planter class of the South, the fierce swiftness with which capitalism made inroads into small commodity production, bankrupting whole communities, these major factors characterize the lawlessness and brutality that is American capitalism and which is fully reflected in its own end-product, the underworld. No dens of vice peculiar to urban populations in class society reflect so thoroly as the American underworld the real nature of capitalism in this country. The cold and relentless impersonality of American capitalism finds its counterpart in the hired mercenaries, the present-day gangsters.

The Use of Criminals By Capitalists Against the Workers

The industrial capitalists were the first to make use of criminals to perform acts of violence against workers for the purpose of weakening Labor's resistance to demands made by capitalists in their eternal and god-given right to exploit labor-power.

As soon as the Civil War cleared the way for industrial capitalism in America, profit-hungry capitalists were quick to make the most of everything: twenty-five years after the death of Lincoln, industrial cities along the eastern seaboard and in the Middle West were black with the misery of the working class brought on by the cyclical depressions of capitalist industry. With penetrating exactitude, Gustavus Myers describes in "HISTORY OF THE GREAT AMERICAN FORTUNES" how powerful capitalists of the last century amassed their wealth by laying the country to waste and by acts of violence upon the workers in bending them to exploitation. (History tells a different story about those so-called men of initiative, whose portraits now hang above intoning inscriptions of generosity in public museums and libraries.) The industrialists proceeded with or without the aid of the law, invoking the law to enforce their demands upon laborers, and, in certain localities, where the law was not strong enough to act in their interests, indus-

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trialists purchased the means for suppressing workers and employed the underworld against them. It was usually when police were unwilling or too weak in numbers to cope with labor disputes that industrialists hired thugs and criminals to beat up, slug, kill, spy upon, plot against and intimidate workers. Crime and the reign of the captains of crime were from the start identical with American legitimate business! If legality proved to be an obstacle, then legality was eventually changed, as was the case in the more backward regions, where small commodity producers engaged the support of the community as well as the courts to stave off monopoly capitalism.

The strikes at Pullman and Homestead marked the use of professional strike-breakers and spies. The last decade of the nineteenth hundreds, usually referred to for its gaiety, was, in actuality, an era of violence in which warfare on the capitalist side assumed the character of extra-legal methods. The practice of hiring private spies and guards and armies became a fixed practice since the Homestead and American Railway Union strikes. (James O'Neal: "The Workers in American History").

In his book "DYNAMITE - THE STORY OF CLASS VIOLENCE IN AMERICA", Louis Adamic traces the beginnings of racketeering in the labor movement and finds their source to be the relentless brutality practiced by the early industrialists against the workers. Suffice a few words from Adamic's book pertaining to labor conflict in America up to the 1920s:

"FROM THE END OF THE McNAMARA CASE IN 1911, UNTIL SAY 1920 MOST OF THE VIOLENCE IN THE CLASS STRUGGLE IN THE UNITED STATES WAS PERPETRATED BY ORGANIZED CAPITALIST INTERESTS, ACTING LARGELY THROUGH THEIR AGENTS IN THE GOVERNMENT. IT WAS A PERIOD OF MASSACRES, FRAME-UPS, RED SCARES, MASS ARRESTS, JUDICIAL MURDERS - DIRTY DOINGS, FAR WORSE THAN THE ACTS OF SUCH CHARACTERS AS ALEXANDER BERKMAN, BILL HAYWARD, THE McNAMARAS, AND THE CENTRALIA I.W.W. THE LATTER, AT LEAST, WERE NOT PERPETRATED BY THE POWERFUL AGAINST THE WEAK, WERE NOT ANTI-SOCIAL, BRUTAL, BRUTALIZING, INHUMAN IN THE MOTIVES BEHIND THEM."

The Harding Administration's genial phrases, so dear to American capitalists, masked a movement on foot to break up the trade unions. "Industrial Freedom" and "Americanizing the American Worker" meant in practice the removal of obstacles in the path of capitalists to exploit labor-power according to their own terms. Employers busied themselves with educating workers to the belief that the owners of industry and their employees were but one big family. They attempted to open workers' eyes to the beneficence of capital with company welfare and group insurance. Capricious inducements to open the

pores of labor! "Some of the fanatical open-shoppers" wrote Adamic, "refused to sell their products to, or buy, raw materials from other employers of labor who would not adopt the American plan. They lowered wages to almost the pre-war scale, while the cost of living stayed up. Strikes were broken with court injunctions and hired gunmen. This was part of the Back to Normalcy Movement!"

Apart from the legally established machinery of suppression, such as the local police, state militia, the army, navy and air force, the capitalists employ private means of coercion, such as elaborate strike-breaking machinery consisting of the undercover work of private detective agencies who in turn employ criminals in behalf of capitalists to break strikes, and to serve as spies and guards. As the class struggle becomes more intense, the cost of conflict increases and is an added incentive to the capitalist class to derive more unpaid labor from workers in the various industries. Consequently, in addition to the taxes paid by capitalists to maintain their legalized machinery of suppression, individual and groups of capitalists take from their profits large sums of money to pay for their private means of suppression. Throughout the United States, systems of espionage and strike-breaking appear under bogus names, such as "Human efficiency engineering" and "Industrial servicing".

"A SURVEY OF FIFTY CITIES HAS REVEALED BETWEEN 700 AND 800 STRIKE-BREAKING ORGANIZATIONS, MOST OF THEM CALLING THEMSELVES PRIVATE DETECTIVE AGENCIES. AT LEAST 222 AGENCIES WHICH FURNISH LABOR SPIES WERE FOUND. A CONSERVATIVE ESTIMATE PLACED THE NUMBER OF PAID INFORMERS IN THE RANKS OF UNION LABOR AT 40,000, OR ONE SPY FOR EACH LOCAL UNION OF THE A.F.L." (EDWARD LEVINSON: "THE RIGHT TO BREAK STRIKES", CURRENT HISTORY MAGAZINE, FEBRUARY 1937.)

Further information disclosed that twelve of the above-mentioned agencies were national organizations with branches in several cities. One of these being the Railway Audit and Inspection Company which supplies guns and ammunition to agencies, companies and public officials in strike areas. Companies using strike-breaking services includes firms from every industry in the nation. An investigation for the Labor Board placed industry's annual bill for industrial spies at \$80,000,000.

The technique of espionage varies according to conditions. Some of the most common forms are as follows: the discharge of those workers with radical tendencies with the usual pretext of their performing unsatisfactory work; should workers express the desire for unionization, then plans for a company union are formed

forthwith; the signing of poor agreements; engaging in "ill-advised" strikes; destruction of unions thru dwindling membership, due to the tactics of union secretaries who are employed by detective agencies for this purpose.

The LaFollette investigation disclosed that during 1934-36 General Motors spent \$839,764 on spies. In one year, 1936, Robert Allen Pinkerton was able to vote himself \$129,000 in dividends. The same year, Corporations Auxiliary, whose largest client is Chrysler, did a gross business of \$518,215 and its president, James H. Smith, awarded himself a salary of \$75,000. The gross income of the National Metal Trades Association, a detective agency, was not revealed but it was testified that on January 15, 1937, this firm was "servicing" a total of 952 industrial plants.

Before monopoly capital became dominant, the capitalists generally negotiated with the underworld direct. But with the advent of the trusts, the owners of industry negotiate with detective agencies or firms who make it a business of hiring out strike-breakers, spies, guards and scabs, the majority of whom are recruited from the underworld, altho many of the hirelings are the workers themselves. Therefore, the hiring of strike-breakers, professional spies and guards is now done thru legally established intermediaries.

Labor Unionism and Gangsterism

There exist gangsters and thugs in the employ of union officials, to apply strong-arm methods on recalcitrant union members and on scabs, but mainly to do violence to capitalist employers in order to coerce the latter into agreements with the unions. These gangsters in many cases eventually have themselves appointed as union officials, to dominate and browbeat the union membership, as well as filch money from the union treasuries.

The outright violence used by American capitalists to crush the trade unions was the only weapon available to the leaders of organized workers in the latter's struggle with capitalists. Space does not permit of our dealing with the evolution of gangsterism in the labor movement. This subject is adequately dealt with in a number of available books, particularly in Adamic's book, mentioned elsewhere in this article. However, what we must bear in mind is, that when employers bore down upon the labor unions during the Harding Administration and thereafter, the only possible labor strategy evolved into racketeering methods, which, in many cases saved the unions from extinction, particularly those of

the building trades.

Labor strategy varies according to the conditions of production: it is the execution of plans resorted to by labor unions to make the bosses come to terms, and these plans are executed by leaders of the various unions. For example, to threaten the lives of employers and the next thing in importance to them - their property, were the keynote of labor strategy in the last decade. Professional criminals with no affiliation with the unions were hired by union officials to slug, dynamite, kill and perform other deeds of violence upon employers. This kind of labor strategy was the answer to "The American Plan." Union officials appraised the situation and set to work. Dynamitings took place in strike areas, in Passiac, Martinsburg, Pittsburgh, Detroit, Chicago, New York, Brooklyn and the Bronx. Here and there an employer or strawboss was beaten up or "rubbed out" or his home dynamited. With calculating cunning, labor leaders were able to finally release the pressure of opposition from the bosses and in specific cases excelled even the capitalists in their unscrupulousness.

"IN THE DECADE FROM 1921 TO 1933, LABOR BOMBING IN CHICAGO WAS A ROUTINE OCCURENCE. ABOUT HALF OF THE BOMBS EXPLODED WERE TOSSED BY LABOR AND BUSINESS RACKETEERS. TOTAL:904". (THIS LABOR UNION RACKET" - EDWARD DEAN SULLIVAN.)

In recent years, the use of dynamite by labor leaders has been curbed inasmuch as the government controls the sales of high explosives.

Many people are of the belief that Section 7A of the one-time Recovery Code revived the trade union movement. But the operation of Section 7A actually brought five times as many workers into company unions during the short-lived New Deal which manifests the increased interest of employers in preventing workers from joining unions of their own choice.

Since the Wagner Act has been sustained by the Supreme Court, other kinds of unions have developed. The American Labor League in Detroit has, as one of its main principles, that its members will never, under any circumstances, engage in a sit-down strike. Several new unions have sprung up in Michigan in recent months and the officials of the one-time company unions are heading the new independent ones. (The New Republic, May 26, 1936.)

Organizations for the marketing of labor-power can never be free from the anarchistic influence of the market and competition. Market fluctuations in the price of labor-power are always reflected in trade

union policy, in the establishment of wage rates and the fight for better working conditions. Because the tendency under capitalism is to use less labor-power in wealth production, giving rise to a vast army of unemployed workers, the bargaining facilities for labor-power tend to lose their effectiveness. This tendency is reflected within the trade unions in the following manner: small fluctuating membership in relation to the total working class; exorbitant entrance fees and membership dues; job patronage and the control by union officials of available jobs in the trades; the "permit system" enacted by racketeering labor leaders, employing non-union members to work on union jobs at a cost of 20% of the workers' wages; payment of fines by union members, amounts of which are often out of proportion to the offenses committed; all sorts of assessment fees in addition to membership dues; suspension of union members for non-payment of dues, even when failure to pay is due directly to unemployment; loss of membership due to the formation of industrial unions.

Most of the unions are in reality merely the business organizations of enterprising union leaders and are used by these leaders for their own purposes. Consequently, those unions in the control of racketeering labor leaders are opposed to the interests of the workers. The power to extort money from, levy fees upon, and to dictate terms to union members by gangster leaders is economic in character. It is an extension of the power that capitalists wield over the workers, namely "the power to coerce and to punish by the termination of a member's opportunity to earn a living at his own trade." Where there are racketeers in control of labor unions, the organized workers are victimized in a twofold manner: by the capitalists who give them less share in the total social value and by the racketeering labor leaders who filch amounts from their wages as well as bankrupt the union treasuries. The extortion by racketeering labor leaders is, however, only the result of the exploitation process in the production of surplus value. There are innumerable accounts of the activities of this particular kind of lice published in newspapers and in a number of books. We have selected three of their case histories from Sullivan's "THIS LABOR UNION RACKET":

SAM KAPLAN OF NEW YORK, DEPOSED HEAD OF LOCAL 306 OF THE MOTION PICTURE OPERATORS' UNION. ALTHO THE UNION OFFICIAL WHOM KAPLAN HAD SUCCEEDED HAD RECEIVED BUT \$3,000 A YEAR, KAPLAN, IN A PERIOD OF 18 MONTHS, BOLDLY UPPED HIS OWN SALARY TO \$21,000 A YEAR. ON LOCKING INTO KAPLAN'S AFFAIRS, THE AUTHORITIES FOUND THAT HE HAD RECEIVED NEARLY \$60,000 IN "GIFTS" OVER A PERIOD OF FOUR YEARS. IT WAS WHILE RESPONDING WITH A FEW WELL-CHOSEN WORDS TO A GIFT OF \$25,000 FROM THE FULL AND REGIMENTED MEMBERSHIP OF HIS HELPLESS UNION

THAT KAPLAN INFORMED THEM THAT THE UNION WAS FLAT BROKE, MADE NO ACCOUNTING OF MONIES AND REFUSED TO PRODUCE THE BOOKS OF THE UNION WHEN REQUESTED TO DO SO BY JUDGE MAY IN NEW YORK. ONE OF THE RACKETEERING NOVELTIES UTILIZED BY KAPLAN WAS A PERMIT SYSTEM THRU WHICH HE EMPOWERED NON-UNION MEN TO WORK ON UNION JOBS. NONE OF THE UNION MEN WERE AWARE OF THIS UNTIL HIS TRIAL. THEN IT WAS FOUND THAT MORE THAN 600 NON-UNION MEN HAD BEEN WORKING STEADILY UNDER HIS "PERMIT" SYSTEM. THEY HAD PAID IN INSTALLMENT FEES RANGING FROM \$500 TO \$1,000 AS AN INITIATION TRIBUTE AND WERE FORCED TO "KICK-BACK" 20% OF ALL INCOME FROM THEIR JOBS. THIS CLOSED THOUSANDS OF JOBS YEARLY TO THE MEMBERS OF KAPLAN'S OWN UNION.

TOM MALOY. DURING HIS LONG REIGN AS CZAR OF THE MOTION PICTURE OPERATORS' UNION 110 OF CHICAGO, LARGE GIFTS WERE REQUIRED FROM NON-UNION MEN FOR THE INITIAL WORKING PRIVILEGE AND FOR EACH NEW JOB. MEN WHO HAD BEEN IN THE UNION FOR 15 TO 18 YEARS WERE WITHOUT WORK, WHILE NON-UNION PERMIT SUCKERS WERE EMPLOYED, PAYING THE KICK-BACK TO MALOY AND HIS TOUGH AIDS. NOTHING THAT THE PAINTERS OF BROOKLYN OR HUNDREDS OF OTHER SUCH GANGSTER-DOMINATED UNIONS ENDURE CAN SURPASS THE RECORD OF MALOY FOR GETTING THE FINAL DIME OF TRIBUTE, WITH BENEFIT OF MURDER, BOMBING AND SLUGGING. HE COMPLETELY CONTROLLED THE EARNINGS OF WORKMEN WHO WERE USED AS TOOLS IN EVERY SORT OF CROOKEDNESS AND GRAFT. IN ORDER TO INSURE FOR HIMSELF INCOME FROM TEMPORARY WORKING PERMITS TO NON-UNION MEN, MALOY ADMITTED NO NEW MEMBERS TO THE UNION OVER A PERIOD OF FIFTEEN YEARS, ALTHO IN THAT TIME EXPANSION OF THE MOTION PICTURE BUSINESS WAS GREAT. HE GAVE THE NON-UNION MEN, FROM WHOM HE GRAFTED THRU TEMPORARY PERMITS, THE BEST JOBS AVAILABLE. AT TIMES THE MAJORITY OF OPERATORS WORKING IN THE CHICAGO THEATRES WERE THESE PERMIT MEN, WITH THE DUES-PAYING MEMBERSHIP OUT OF WORK.

PATRICK J. COMMERFORD, TAMMANY LEADER, VICE-PRESIDENT OF THE NEW YORK STATE FEDERATION OF LABOR; ONE-TIME SUPERVISOR OF LOCAL 125 INTERNATIONAL UNION OF HOISTING ENGINEERS. MAKING \$200 AS SUPERVISOR OF LOCAL 125, WAS CHARGED WITH HAVING TAKEN SUMS RANGING FROM \$2500 TO \$7000 FROM CONTRACTORS AS HIS PRICE FOR "FIXING" LABOR DISPUTES. THIS IS, COLLECTING GRAFT ON THREAT OF A STRIKE. CHARGED WITH RECEIVING \$75 WEEKLY AS PIN MONEY OVER A PERIOD OF YEARS FROM A HOISTING CONCERN EMPLOYING NON-UNION LABOR; \$50 WEEKLY FROM ANOTHER. SOLD PROTECTION IN RELATION TO LABOR; HAD AN AUTO PURCHASED BY THE UNION WHICH ALSO PAID FOR A CHAUFFEUR AND ALL GARAGE, TIRE AND GASOLINE COSTS. UNITED STATES ATTORNEY MEDALIE CHARGED COMMERFORD WITH HAVING RECEIVED \$2500 FROM THE GREENMALL CONSTRUCTION COMPANY; \$5000 FROM R.J. MURPHY & Co; \$5000 FROM P.J. CARLIN, INC.; \$7000 FROM Wm. F. GAHAGAN, INC. ALL UNRECORDED ANYWHERE. DURING COMMERFORD'S REIGN AS DICTATOR OF LOCAL 125 THERE WERE MURDER PLOTS, SHOOTINGS, MISAPPROPRIATION OF UNION FUNDS, DISCRIMINATION AGAINST MEMBERS, BLACKLISTINGS, COERCION, INTERFERENCE WITH CONTRACTORS' JOBS.

Organized Extortion

Another phase of widespread use of criminals is the terrorism and violence practiced by organizations who sell protection to, as well as muscle in on, petty capitalist enterprises. The common belief is that business firms are dominated by and often become bankrupt by the extortionate demands made upon them, small

industrialists, merchants and shop-keepers usually being the victims. We are further led to believe that the underworld has taken over the control of commodity distribution in certain areas of large industrial centers. On the contrary, in the course of their competitive struggles in the circulatory process, small capitalist enterprises have found it expedient to use the underworld to further their interests. While it is true that some firms may become bankrupt as the result of racketeering activities, they do so at the hands of their competitors who employ gangsters to do their bidding,

Investigation of the "trade racket" discloses that the hiring of criminals is only a part of the business of the highly organized systems of extortion. Organizations for extortion must be composed of business men, labor leaders, politicians, criminals from the underworld, and lawyers. If these five elements are not present, the organization is short-lived. The organization must comprise trade connections, labor unionism, alliance with the local government, strong-arm talent and a knowledge of jurisprudence. The wresting of control of such organizations by criminals makes no essential difference in their makeup, the change being only in the personnel in control.

When the depression brought on repeal of the Eighteenth Amendment, the most lucrative field of illegal enterprising was eradicated, but new fields of activity were soon to be furnished by capitalism. In Chicago, for example, racketeering in small trade was the beginning of a vast system of criminality in control of labor unionism and business, the racketeers in that city having "working arrangements" with racketeers in New York, Philadelphia, Detroit and Cleveland.

The prime motive of the protection-racketeers is extortion for gain and the outcome of their operations result in the attempt to control competition and prices. This is why such racketeering is generally accepted by small business-men; for they see in the activity of the protection-racketeers the attempt to regulate business in their behalf.

The protection racket does not prevent but simply restricts competition. If the racketeers perform their work of protection at exorbitant fees extorted from small shopkeepers and merchants, they themselves suffer the consequences by eventually being exposed, in spite of their political connections, like the racketeers in the restaurant racket:

"THE METROPOLITAN RESTAURANT AND CAFE ASSOCIATION VICTIMS PAID \$250 INITIATION FEE AND DUES OF \$5.00 PER MONTH. AFTERWARD, THE ESTABLISHMENTS GETTING PROTECTION FROM THE ASSOCIATION WERE SHAKEN DOWN FOR WHATEVER THEY COULD STAND. ONE NEW YORK CITY CHAIN OF RESTAURANTS GAVE UP \$1700; JACK DEMPSEY'S RESTAURANT GAVE ONLY \$285, THE FIGHTER'S PRESTIGE ALONE WAS WORTH MUCH MORE TO THE ASSOCIATION. IF PROPRIETORS REFUSED TO JOIN, STENCH BOMBS EXPLODED AND "LABOR TROUBLES" BEGAN. THE RACKETEERS USED WAITERS, WAITRESSES, CAFETERIA WORKERS UNIONS TO ENGINEER STRIKES. SOME OF THE UNION OFFICIALS, RACKETEERS THEMSELVES BY COMPULSION OR PREFERENCE, OFTEN CALLED STRIKES SOLELY TO FACILITATE SHAKEDOWNS. WHEN RESTAURANT OWNERS "SETTLED", THE STRIKERS WENT BACK TO WORK WITH EMPTY POCKETS, VICTIMIZED WITH THEIR EMPLOYERS." (NEWS WEEK, APRIL 3, 1937.)

There is another manner in which the racketeers deprive themselves of customers when extorting sums too exorbitant. The New York Times for April 1, 1937, for instance, reported that 140 manufacturing concerns had left the city during 1936 "because of racketeering in business and labor." Racketeers are learning from experience that to bankrupt a small enterprise by extorting large sums of money is to lose an otherwise steady customer; that if they extort sums that are more or less "reasonable" to their customers they themselves are likely to benefit from the transaction and to fulfill a need. To the racketeering organizations who exercise such prudence, the small business man finds it to his interest to pay up and shut up. Thus the extortion system is becoming absorbed by capitalist legal procedure and confuses jurisprudence in ascertaining when a racket ceases to be a racket and such development led the Federal prosecutor, George Medalie, for the District of Southern New York, to make the following statement: "It is becoming increasingly difficult, even for the trained specialist, to tell the difference between a respectable business-man engaged in racketeering and a disreputable racketeer engaged in respectable business."

The protection racket is farflung in America and comprises a business reaching into millions of dollars annually. The buyer of protection (usually a petty capitalist) is coerced into fulfilling his contract with the seller (the racketeering organization, represented by the gangster) by threats of violence to his person or to his business. The service rendered was at first of a fantastic sort: it purported to protect the client from destruction or violence from other racketeers. Thus the "service rendered" did at first have the aspect of protection from some other gang of thugs in opposition to the first gang. This phase of the protection racket existed mainly during the formative period of the present well-organized system of extortion. It is this angle of the racket that gave rise to the popular belief that

trades people were dominated by gangsters. It is true that gangsters performed extortion for the simple reason of getting easy money, but such activity was isolated and short-lived. For gangs of criminals alone, cannot exist for long without political affiliations and legal assistance. For fees at first extorted by thugs for easy money's sake, the protection rackets have evolved into organized systems which perform the actual service of preventing individual capitalists from going into business in the neighborhoods containing dues paying members of the protection association or by destroying those who do not join their association when it is in the process of organizing.

Leaders in a reign of terror in the trucking industry were recently brought to trial in New York City. The policy and methods in the truck-racket case were disclosed and are as follows: to keep all trucking companies not belonging to the protection association from doing any business whatever. This plan was furthered by stench bombs, assaults with guns, damaging of trucks thru placing of emery in the engines, destruction of plate-glass store fronts, extortions, and other acts of violence. Those who joined the Association were enriched with accounts taken by force from those who did not join. Taking of accounts, rather than money, was the general procedure in this racket. The accounts were transferred to other companies in the association. The association charged its members an initiation fee of \$100 and \$15 a month dues.

The garment racket was also uncovered recently, in which an official of Lombardy Frocks, on Broadway in New York City, had paid \$45,000 to racketeers between 1931 and 1935 under threats of personal violence and ruin to his business.

Muscling in differs from the protection racket in that racketeers hire criminals to engage in direct competitive struggles on the market; that is, the gains realized from muscling in results from actual participation in competition. The most racket-ridden city in the country is New York, where tribute is levied on food-stuffs of all kinds: artichokes, flour, milk, fish, ice, grapes, spinach and poultry. Fred D. Pasley's descriptive book entitled, "Muscling In", gives the methods of extortion in innumerable muscling-in rackets:

"...ARTICHOKES WERE PURCHASED IN CARLOAD LOTS AS THEY ARRIVED FROM CALIFORNIA, PRICED AT \$6.00 A CRATE. THE ARTICHOKES WERE THEN RESOLD TO THE RETAILERS AT AN ADVANCE OF \$2.00 A CRATE. DEALERS COULD HAVE BOUGHT THEM DIRECT FROM THE CALIFORNIA MARKET BUT "STRANGE THINGS" HAPPENED TO DEALERS WHO HAD DONE THAT. THEIR DELIVERY TRUCKS WOULD LOSE WHEELS AND TIRES; BRICKS WOULD FALL ON THE

HEADS OF DRIVERS; POISONOUS CHEMICALS WOULD BE SPRAYED ON THE CONSIGNMENTS. CASES WERE ON RECORD WHERE DEALERS HAD BEEN TAKEN FOR RIDES. WHEREFORE THE RETAILERS PAID \$2.00 EXCESS PER CRATE, AND THE CONSUMER PAID 25% MORE PER ARTICHOKE.

"...THE DEAD WAGONS OF THE ALLEGED FRUIT SYRUP MONOPOLY WERE WHAT THE LITTLE MANUFACTURERS AND WHOLESALEERS OF NEW YORK CITY FEARED. THEY KNEW THE PORTENT OF THEIR APPEARANCE ON THEIR ROUTES. THE MONOPOLY WAS AFTER THEM. THE DEAD WAGONS WOULD FOLLOW THEIR TRUCKS AND OFFER THE CUSTOMERS SYRUPS AT PRICES RUINOUSLY LOWER THAN THEY COULD QUOTE.

"THE FISH RACKET ENACTED TRIBUTE FROM EVERY DEALER, RETAILER OR WHOLESALE. THE FISH RACKETEERS RECEIVED THE CATCHES OF FISHERMEN AT THE POINT OF LANDING IN MANHATTAN, THE FULTON MARKET PIER, WHERE A REPRESENTATIVE OF THE RACKET CHARGED \$10 FOR EVERY BOATLOAD. THE CREWS OF FISHING SMACKS COULD NOT UNLOAD THEIR OWN CARGOES. THEY HAD TO SIT WHILE THE MEN HIRED BY THE RACKETEERS DID IT.

"THE METHOD IN THE GRAPE RACKET WAS FOR GANGS IN RAILROAD YARDS TO ASSESS BUYERS AN EXTORTIONATE SUM FOR GUARDING AND LOADING GRAPES; OTHERWISE CARS WOULD BE EMPTIED AND THEIR CONTENTS DAMAGED.

"THE NOTORIOUS PURPLE GANG OF DETROIT HAD EMBARKED UPON A PROJECT TO SEIZE THE BUS LINES OF AN CHIC COMPANY WHOSE MAIN LINE RAN FROM DETROIT TO CHICAGO VIA TOLEDO AND SOUTH BEND, AND CONTINUING ON TO ST. LOUIS. THE GANG CHIEFTANS WERE SMART ENOUGH TO KNOW THEY COULD NOT ARBITRARILY TAKE THE COMPANY OVER BY MEANS OF THE GUN, SO THEY ARRANGED TO WRECK IT FINANCIALLY THRU DAMAGE SUITS ARISING FROM FAKE ACCIDENTS. THEY BRIBED DRIVERS TO SKID OFF INTO DITCHES AND COLLIDE INTO SMALL CARS. THEY RETAINED A SHYSTER LAWYER IN PERSONAL INJURY SUITS TO BE AT THE SCENE OF EACH ACCIDENT. A HALF DOZEN ACCIDENTS HAD OCCURRED WHEN A DRIVER WITH A BUS LOAD OF TWENTY PERSONS LOST HIS NERVE AT THE MOMENT WHEN HE WAS TO DITCH THE VEHICLE. HE CONFESSED, REVEALING THE COMPLETE PLOT.

"THE PURPLES MUSCLED IN ON INDUSTRIES, THEN THE BUILDING TRADES THRU THE PLUMBERS' UNION, AND THEY SOLD PROTECTION TO SMALL MERCHANTS AND SHOP-KEEPERS."

Each system of exploitation creates its own underworld. The conditions of its life, as Marx explained in the Communist Manifesto, make of it a bribed tool of reactionary intrigue. It cannot be depended upon in the proletarian revolution. In this respect, the American underworld differs from no other in capitalist countries. In particular, however, the American underworld does reflect the impersonality and ruthlessness of American capitalism. Here the execution of crime is put on a businesslike and syndicated basis, having specific divisions of labor and keeping pace with technological development. The professional criminals play only two important roles in class warfare: on the labor market where they are the tools of capitalists or labor leaders, and on the commodity market proper where they are the instruments of small capitalists in their competitive struggles. Altho crimes may be engineered and

executed by professional criminals in class warfare, they can never at any time be more than the tools of classes or of sections of a class. The fact that individual gangsters have achieved fame because of their personal exploits, does not alter this situation. The leadership of criminal syndicates conveys to the population the belief that prominent criminals dominate the business world and they point to Al Capone as a warning to what gangsters can do. Capone was a gangster-capitalist. After having made a fortune on the sale of liquor, he withdrew from active participation "in the field" and hired his plug-uglies to do his dirty work. He cut in on the cleaning and dyeing trade in Chicago which netted him a fortune. The leaders of criminal syndicates, that special section of the underworld, cannot act arbitrarily, no more than can the capitalists. The innumerable small gangsters who perform deeds of violence merely do the bidding of their leaders in the protection and muscling-in activities, and occasionally rise to the top by becoming capitalists. The rackets are limited to the conditions imposed upon them by capitalism; the protection racketeers perform a service which has become a necessity to small capitalists; the muscling-in racketeers (small business-men and labor leaders, backed by politicians and lawyers) employ criminals to cut in on other small capitalists' share of trade.

In the final analysis, nothing is essentially altered. What the protection rackets do is to restrict competition to a limited degree for the benefit of some of the small capitalists; the muscling-in methods merely result in the transfer by deeds of violence of a small enterprise from the hands of one group of capitalists into those of another. The entire subject of racketeering in its three phases is simply reduced to the study of methods resorted to by American capitalism to further the exploitation of the working class in the production of surplus value and to realize in the circulatory process, the surplus value produced. Who then are the racketeers? Not the city thugs and plug-uglies, but their employers. The real racketeers are the monopoly capitalists who cloak with respectability their use of the underworld against the working class by hiring, indirectly thru detective agencies, professional criminals against workers. The labor fakers are the racketeers, for they employ, to their personal advantage, convicts and criminals against workers, organized and unorganized as well as against the capitalist-employers. Those petty capitalists, along with their henchmen, the crooked politicians and shyster lawyers, are the racketeers for whom professional criminals are a willing tool in the competitive struggles of the former.

Fate of the Small Capitalists

No other country in the world could lend itself so fully and completely as did America to the play of economic forces that gave rise to the political concepts such as "Freedom of the Individual" which can only mean, in actuality, the right of capitalists to appropriate the unpaid labor of workers. It means, in addition, the license of monopoly capitalists to dispossess small business-men. It also means their free reign in all divisions of labor, including that of agriculture, and to this free reign was added momentum by the inability of the Federal government to regulate the movements of monopoly capitalists in the interests of small competitive capitalists. Each phase of the productive process has its own "justice and fairness." These are terms used synonymously by big capitalists to enlarge their holdings and by small capitalists to get back what has been taken from them.

Thus it is that capitalism undermines its own political principle of freedom of opportunity that originally made small business-men and farmers thrive in this country.

In capitalism, a general antagonism of interests prevails; "a war of all against all which is called competition". When competition in various spheres of capitalist enterprise becomes intense, certain procedure arises with which to accomplish the economic aims of either buyers or sellers of commodities. The marked expedient of competition in present-day America among small capitalists is racketeering. The use of criminality as a means to further the movements of commodities is as necessary to small capitalism as the trust is to monopoly capitalism. The extortionate acts performed upon small business enterprises by thugs in the employ of other small business-men is fast becoming a part of established business procedure. Such practice is considered unethical and termed "perverted" capitalism, but perverted only insofar as free competition is considered to be a phase of "normal" capitalism. The courts have allotted to the "trade racket" a criminal category of its own and attempt to punish such racketeering as "an invasion of inalienable human rights". To what ridiculous measures the courts are forced in order to protect inalienable human rights are found in the Sherman Anti-Trust Law, a measure prohibiting the formation of trusts that would restrain the free flow of trade. The Clayton Act was later designed to strengthen the Sherman Law. These Federal, as well as innumerable State, laws are enacted to protect the inalienable rights of petty capitalists. The laws of commodity pro-

duction, however, dictate what type of legislation shall be enforced. What is illegitimate in theory can be legitimate in practice: the anti-trust laws are on the statutes and there they remain as ineffectual as the holding of water in a sieve. Out of the inability of small capitalists to stave off the natural course of capitalist concentration, arose the fully developed type of racket.

The course of capitalist development not only undermines capitalism's own political principles but turns the application of these principles against the actual class which fostered them. Already in many localities small trade and industry look to the protection-racketeer to protect them from unbridled competition, if you please. Unbridled competition is none other than the "free" competition for which small capitalists have fought for decades. They battle hopelessly the forces which generate their own destruction; for they must not only compete with the mass-productive methods of big industrialists, but sections of small capitalists must now hire protection while others hire the muscled-in. All the gangsters can do is, at the behest of some of the small capitalists, to meddle in the affairs of other small capitalists; that is, to prevent individuals with capital from setting up shop or to cut into the trade of some thriving competitor. Such tactics can exist only where monopoly capitalism has not as yet entered, or has found it unprofitable to bury its tentacles. The gangsters do for the small capitalists what the monopoly capitalists were able to do for themselves in the face of the law, for the movement of the latter, sanctioned by legality despite the Federal laws opposing their growth, are in keeping with the natural course of capitalist development.

Conclusion

Now the apologists seek an explanation for racketeering. Its origin (always in some foreign port) is that of the Tong gangs of China who brought their methods to this country. Racketeering is seen to be a hang-over of the one-time outlaws of the Wild West. But each system of exploitation determines its own kind and degree of criminality and lawlessness. The robber barons of feudal Europe, for instance, flourished in the only environment suitable for their existence. They were not crushed but were compromised with by European monarchs for the former were a power to be reckoned with. Nor are the modern city thugs an offshoot of the outlaws of the Wild West. Those outlaws were plainmen, had been cowboys and cattlemen, were daring riders and expert gunmen, who had been dispossessed by the influx of settlers before they had become outlaws. Lawyers

blame the courts for racketeering because of their corruptibility; but racketeering cannot be abolished by perfecting the mechanical means of administering capitalist law. The press, due to its capacity for gathering news, blames the government for its corrupt alliance with the underworld. The clergy think the cause of racketeering is due to the decline of parental influence in the home. The bourgeois economists say that "industrial excesses" are the cause of racketeering. Industrial excesses may mean excessive profits or excessive poverty, all of which explains nothing. Then again, the World War and Prohibition are the cause of racketeering. But the War and Prohibition simply accelerated the use of criminality in class warfare: repeal of the Eighteenth Amendment left unemployed a professional class of gangsters to seek other forms of employment, and the World War placed in the hands of the criminals their technique of warfare. Each apologist has a specific antecedent as the cause of rackets, all of which are of secondary importance and are in turn conditioned by the social relations of production.

As the permanent crisis deepens, mass slaughter and social waste hitherto undreamed of will stagger and confound the bourgeois economists. In their attempts to rehabilitate capitalism, capitalists must continue to increase exploitation of the working class, resulting in further reduction of the number of workers employed and less value for those who are employed. Capitalists will attempt to merge their sectional differences in recognition of only one form of unity, that of the preservation of their system. But what is most fundamental is that the law of capitalist accumulation can function only to the ultimate destruction of the capitalist class itself. The exploitation of labor-power has its physical limits, resulting in mass unemployment and semi-starvation of workers only to precipitate demoralization in all aspects of personal and social life and will tend to swell the ranks of criminals who will ever be a willing tool in class warfare. The government may in time abolish the employment of gangsters by small capitalists on the commodity market proper and itself absorb the function of the rackets; that is, strive to regulate competition and prices. The means of private coercion employed by the monopoly capitalists thru detective agencies deprives the State of its official function as well as a share of the revenue that now goes to these detective agencies. The government considers this angle of private coercion and looks to eliminating it. This does not mean, however, that the underworld ceases to be the tool of capitalists. The underworld and its use by the capitalist class is not a passing phase of the system; on the contrary, so long as capitalism exists, criminality is its instrument in class warfare and can disappear only after the proletarian revolution has completely crushed capitalism, destroying all the social relations of production that make for racketeering.