

new trends ...

VOL. I., No. 2.

OCTOBER, 1945

FIFTEEN CENTS

Has Great Britain Gone Bankrupt?

FOR SEVERAL WEEKS a British delegation has been negotiating with Washington officials for a 5 billion dollar loan to Britain. This loan is intended to enable Britain to reconvert her industries from the production of armaments to the production of consumer goods, to settle part of her debt to the dominions and colonies, and to resume her pre-war position in international trade.

Before the world war Britain was the greatest financial power, the banker and creditor not only of her Empire and commonwealth but in the world at large. Nearly all international trade was carried on under the "pound" sterling as a symbol and a measuring rod of prices. British shipping carried a large part of the world's trade and bills of lading were made out for the most part to conform to British standards; 90 day drafts were drawn on London with Lombard Street financing the credit, even when goods shipped were of non-British origin and destined to non-British ports. Today 6 years after the outbreak of World War II, Britain has no financial resources to effect her own re-conversion to peace time production and trade. Her delegates have come to the United States, hat in hand, for a loan and, what is more, they must try to get this loan without interest payments of any kind because Britain is no longer able to pay interest on a loan of this size. Even if the interest should be merely a service charge on the money loaned, Britain's delegates maintain that the burden would be too great.

ENGLAND'S NEW CREDITORS

Nor is this all. Within the Empire and Commonwealth the relationship between the "mother" country and the dominions and between the British isles and her colonies, notably India, has been completely reversed. Britain is no longer the creditor of the dominions and the colonies but their debtor. She owes them the neat sum of 14 billion dollars and unless part of this sum is cancelled by the dominions and India as their contribution to the winning of the war, Britain can hardly hope to get a 5 billion loan without interest from the United States, nor will she be able to repay her debt to the dominions and India in the foreseeable future.

World War II has thus, in the short span of six years, brought the greatest financial power to the brink of bankruptcy. A country is, of course, never actually bankrupt in the sense in which a private company can go bankrupt, because most of its debts are to its own citizens. When a government defaults

on its debts it is for the most part a debt which the property classes of the country fail to pay to themselves. The default of a debt to a foreign nation is however a different matter. Here the relationship is indeed one of debtor to creditor as in private business, and the series of pre-war defaults by South American countries to the United States, by Germany to the Allies and by Britain and France to the United States was indeed an act of bankruptcy on debts incurred by political needs as distinct from economic needs.

The distinction is important. The money borrowed for political purposes is not used to build productive industries which can furnish goods and services for which there is an economic price. Such political money is borrowed to produce goods for destruction and goods which will be destroyed themselves in the process of destroying. In other words, a wealth of consumer goods and services, the accumulation of capital of nations is wasted. In World War I the destruction of the productive process was not so great as to make repayment of international debts an impossibility. Except for the determined refusal of Germany to work for reparations these debts could still have been met. In this war, however, the situation is radically different. For it is the first war which was fought by total means.

To wage this war on the world Germany set up a totalitarian government which devoted the entire resources of the country, both material and human,

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new trends ...

A Magazine of Modern Thought and Action

Published Monthly by

NEW TRENDS ASSOCIATES, Inc.

60 East 42nd Street, New York 17, N. Y.

Telephone: VAnDerbilt 6-4185 - 4186

Subscription rates: 1 year: \$1.50. Single copies: 15 cents.

This Month

BEHIND THE STRIKE WAVE

IN VIEW of the modest demands of organized labor, it would seem that the rumpus over the current so-called strike wave is not based on any genuine concern by employers with any possible inroads into big business income. Corporations made a profit of \$25 billion in 1944, and government economists estimate that next year, with government contracts curtailed, corporations will make at least \$17.5 billion in profits.

A fifteen per cent wage increase would cut these profits by \$1.5 billion, which would still leave the corporations three times as much as they earned during the pre-war years 1936-39. Such a wage increase would, of course, not even begin to make up for the loss in labor income caused by lower take-home pay, unemployment, downgrading, and price increases. The thirty per cent increase demanded by unions such as the United Automobile Workers (C.I.O.), is not only reasonable and justified by the financial condition of the corporations, but it is an urgent pre-requisite for the maintenance of consumer purchasing power. Without effective consumer demand industrial production will decline at an even faster rate than it is now doing, thereby accelerating the post-war economic collapse which threatens so ominously. But the employing class is selfish and near-sighted and will act to forestall general economic collapse only when compelled to do so.

The restraint exercised by labor during the war years is really incredible when one considers the enormous profits of business and the deliberate provocations to labor on the part of employers who, in face of the no-strike policy, tried every trick in the book to give labor a black eye. Yet of an estimated \$58 billion in wartime savings, only \$15 billion was in the hands of families earning less than \$5,000 a year—which is about 90 per cent of all American families! In the face of this colossal gap between the incomes of employers and those of workers, and the justifiable fears of the future, the action taken at this time appears to be something less than a strike wave—no more than about one-half of one per cent of the nation's workers are involved and the strikes are mild and scattered. What is more likely is that the "strike wave" exists more in the

distorted newspaper headlines and anti-labor propaganda mills.

Prospects for the next few months, however, appear to be for an intensification of the struggle for economic security which is now brewing. The workers apparently are sensing that they are being betrayed in Congress, which is piddling around with the Full Employment Bill and will either drop or emasculate the bill to extend unemployment benefits; that the Truman Administration is not strong enough or willing enough to back up its own employment and relief proposals; and that the industrial and financial interests are conspiring to crack down on organized labor, and many union members are losing faith in their leadership which played ball with the bosses and relied on the good graces of the government.

Labor does not want to go back to the pre-war days when seventy per cent of all American families had annual earnings of less than \$1,500. Workers are beginning to see the outlines of a concerted drive by employers for a new period of low wages, low taxes, and higher profits. As this conflict becomes more severe, the ability of labor organizations to cope with the situation will be high-lighted—the do-nothing policy of unions during the war and the pre-occupation of many unions with politics will be the targets of considerable rank-and-file wrath. Already many of the strikes have been labeled "wildcat" and "unofficial," and (discounting a number of such which have been fomented by the employers or their stoolpigeons) there is the unmistakable sign of a simmering revolt against a union leadership which has not attended to union business.

It is heartening to see American workers beginning to take an active interest in their own economic well-being, to assert their rights to a better share of the goods they create, and to demand a more direct voice in the running of their affairs. But any fight for freedom is a tough one, and the resort to the extreme weapon of withdrawing one's labor in concert with one's fellow-workers is not an easy step to take—a strike, contrary to the impression given by the yellow press, means loss of pay, emotional and physical strain, and frequently danger to the personal safety of the worker. American labor has paid dearly for every gain it has won.

It would, indeed, be even more encouraging if the workers who are now beginning to fight for the protection of their own security would think of proceeding to the next logical step—that of planning for a better economic system, one in which the workers through their very own unions would actually run the factories, workshops, mines and mills, a system in which they would have neither to beg nor to fight an employer for a decent living.

ATOMIC BOMB AT HOME

The May-Johnson bill provides for the creation of a 9-man commission to exercise totalitarian controls over the use of atomic energy. The members of the commission are to be nominated by the President but cannot be removed except for an overt act rendering them subject to criminal prosecution. These

nine men are to be given complete power over the monetary, industrial and human resources of the United States in everything which pertains to the production and use of atomic energy for the purpose of producing bombs or as a peaceful source of power. No such bill has ever been introduced in the whole history of this republic. Even the sweeping wartime powers granted to the President as commander-in-chief of the armed forces were subject to review and recall by the Congress. The May-Johnson bill is the first unmistakable fascist or communist measure of the kind. If it were passed it would prove the opening wedge in the transformation of the national economy from private capitalism to totalitarianism. The process of production and distribution is an intricate one in which all component parts are interdependent. To give so vital a lever as atomic energy to the absolute discretion of a 9-man committee is to set up the frame work of the corporate state. The rest is bound to follow as certainly as the sun sets in the west.

... AND ABROAD

No scientists were heard during the brief hearing on the bill. The chairman advanced the spurious explanation that none had demanded to be heard. The scientists who developed the bomb are unanimous in declaring that the process of manufacture is no secret. If Russia devotes a little more energy to the production of the bomb than was expended in the United States she can easily make up for her lack of "know-how." From this obvious statement some of the commentators have drawn the conclusion that it would be better to give Russia all the information she wants. We don't quite follow this argument. Either the manufacturing process is no secret in which case there is none to be revealed or it is a secret after all. In the latter case why should the secret be given specifically to Russia and not also to Luxembourg. We can think up a great many good reasons why Luxembourg needs the protection of atomic bomb power more than Russia. Neither in the World War just ended nor in the first World War did any foreign power succeed in occupying all of Russia, while Luxembourg was twice completely overrun by her German neighbors.

However this may be the government of the United States does believe that there is a secret and is not prepared to share it with anybody. If there was any doubt about the value of the United Nations Organization as a protection against World Wars, it is now definitely dispelled. One of its principal founders, the United States, is not going to entrust it with any dangerous means of maintaining the peace. Much the same conclusion can be drawn from the report on the last phases of the war by General Marshall. Until there is a world organization which can be trusted to maintain the peace, says the report, the United States will have to remain well enough armed not only for the defense of her territory, but also for offensive action. This war has shown that there is no defense against the attack of a totalitarian power fully prepared for war,

except the timely offense by the defending power. In substance then, neither the military establishment nor the political government believe in the efficiency of the United Nations Organization.

FOREIGN NEWS

Since the explosion of the London conference the State Department has become silent. No more is being said about a meeting between Truman, Attlee and Stalin. Enquiry has revealed, what was known before, that Molotoff acted in strict conformity with the wishes of Stalin. Beyond some vague references to a more general peace conference and an encouraging reminder that the Holy Alliance some 130 years ago ran into similar difficulties, the public is not being taken into anybody's confidence about: "What next?"

We are reduced to guessing. But it is not difficult to guess if it is true that the past is a guide to the future. Since Russia insists that the Western Allies are not to meddle in her "sphere of influence," the Western Allies are certain to set up a sphere of influence of their own without much opposition from public opinion in their respective lands.

France: Charles de Gaulle, addressing a news conference, had some kindly words for some Germans, the one's nearest to the French frontier, the Rhinelanders, the Badenses, the people of Hesse Nassau and the Palatinate. Negotiations for an accord with the British are continuing and will probably lead to a renewal of the Entente Cordial. Thereafter the way will be open for Belgium, Holland, Denmark, Sweden and Norway to join in a western bloc which will also include Italy. For the first time since the Ethiopian adventure of Mussolini, Italy was referred to as a relative by a French statesman. Charles de Gaulle spoke of the Italians as cousins. If we remember rightly Italy used to be a sister nation of Latin blood and culture.

Spain: As to the other Latin country of the trio, an American clergyman addressed a letter to the State Department demanding that something be done to liberate Spain from the Fascist yoke. The State Department replied that it was engaged in a most searching effort to find a means of aiding the Spanish people in their struggle to free themselves. It is curious how hopelessly difficult a task becomes when it has been under study for nine years. The United States reduced the Emperor of Japan to the status of an office boy, but seems to be helpless before the formidable might of Franco's Spain.

The Colonial People: Some of the races in Asia and the Pacific Ocean have smelled blood. They saw that neither the Dutch nor the French Empire are invulnerable, since Japan succeeded in ousting them however temporarily. Unfortunately there is nothing to indicate that the uprising of the Annamites, the Java people and others are dictated by a genuine revolutionary impulse for liberty. The uprisings appear to be organized by nationalist leaders bent upon establishing themselves as absolute rulers.

World Federation of Trade Unions

PARIS DISPATCHES of October 3, 1945 told of the creation of the World Federation of Trade Unions in that city under the aggressive sponsorship of Sidney Hillman, representing the American C.I.O. (Congress of Industrial Organizations), and Louis Saillant, representing the French C.G.T. (General Confederation of Labor). The new labor international represents a total of about 75,000,000 workers from 55 countries. Inasmuch as the pre-war organization known as the International Federation of Trade Unions (I.F.T.U.) had neither been liquidated, nor had signed its own dissolution, *why was a new labor international needed?*

The situation before World War II was politically very unstable. The appeasement policy of Neville Chamberlain at Munich succeeded in undermining those labor federations in Europe which had tied their fate to the Socialist parties. In France, under the Leon Blum government, an outgrowth of the "popular front" eagerly advocated by the Communists, there was a further weakening of the "united" C.G.T. (which was a fusion of the Socialist-influenced C.G.T. and the frankly Communist "unitarian" C.G.T. known as C.G.T.U.)

WHAT HAPPENED TO THE OTHER INTERNATIONALS?

The liquidation of the German trade unions by the Nazis in 1933, followed by the weakening of the British Trade Unions under the Neville Chamberlain regime, and the dislocation of French syndicalism, brought about by the boring-from-within policy of the French Communists, were events instrumental in taking the props from under the I.F.T.U. This international on the eve of the last war still represented a force of about 18 million workers, yet it was unable in even a slight degree to influence the swift march of events; its anti-war principles made less of an impression upon the powers-that-be than on the eve of the first World War.

The other labor international — the Red International of Labor Unions (R.I.L.U., also known as Profintern), created and nurtured in Moscow—was killed when the Kremlin found it dangerous for its own pre-war policy to have labor bodies in various countries pursuing policies which might embarrass the Soviet Union. So, when the Stalin-Hitler pact was signed in 1939, no labor unions affiliated with the R.I.L.U. existed anywhere to feel the brunt of this seemingly unnatural marriage.

The I.F.T.U. was unable to prevent war. The Russian trade unions were unwilling to prevent war and applauded the pact signed in Moscow between Nazism and Bolshevism. Walter Schevenels, the general secretary of the I.F.T.U., remembered this the other day in Paris on the eve of the creation

of the World Federation of Trade Unions, when he declared that if the I.F.T.U. failed to prevent war, "it never made a pact with the enemy of human liberties: some others cannot say as much." This remark cost him his candidacy as general-secretary of the new W.F.T.U.

STALIN'S NEW ECONOMIC POLICY

The resounding victories of the Red Army, which made the U.S.S.R. the most powerful nation in Europe, changed the Kremlin's policy toward international labor. To consolidate its military achievements, the U.S.S.R. now must develop a successful policy on the political and economic fields. Politically, it is now pursuing an aggressive policy of conquest almost on every geographic point in Europe and in Asia, while Tangier is its first attempt to get a foothold in Africa. Economically, Russia is clever enough to understand that an aggressive policy can succeed only if the workers in each country, grievously and profoundly dissatisfied with the post-war solutions offered by the victorious democracies, support the dynamic schemes of the Communists either by conviction or because of failure of domestic economic solutions.

The new Communist Party line in the United States was the first signal of Stalin's new economic policy. Support of capitalism was replaced by opposition to capitalism and proposed collectivism of national economy.

The second signal of this policy is the formation of the World Federation of Trade Unions.

The head of the British delegation, Sir Walter Citrine, who had supported the Russians at the preliminary conference held in London a couple of months earlier, became frightened by the easy success of the C.I.O.-Soviet bloc and threatened that the British might withdraw unless the existing machinery of the I.F.T.U. was incorporated into the new body and the new international set up on a *temporary* basis until this was done! The second request was partly met by an arrangement that there would be a *transitional* period instead of *temporary*, does not in reality alter the *permanent* character of the new body. As to the question of the machinery of the I.F.T.U. being incorporated into the W.F.T.U., the very same British delegation withdrew the name of Walter Schevenels as candidate for the post of general-secretary of the new body.

COMMUNISTS HAVE MAJORITY VOTE

But is this new international body to be subservient to the Russians, who diplomatically kept themselves out of the limelight?

Let us look at the figures.

The Soviet delegation was supposed to represent no less than 27,000,000 members and obtain 41 delegate votes. Other countries received the following number of votes: Great Britain, with more than

6 million members, 23 votes; France with about the same total membership (which includes both the C.G.T. and the Confederation of Christian Workers), 23 votes, the C.I.O., also with 6 million members, 22 votes.

With reference to the dual representation from France, it is to be noted that the delegates of the Christian Workers did not attend the first meeting of the newly created body, as a protest against the failure to include in the Constitution of the new body their amendment providing for the recognition of "independent, active, and strong labor organizations." They also declared that their future attitude toward the W.F.T.U. would be decided upon at their international convention (which was held recently in Brussels).

The 45 million members from the U.S.S.R., Great Britain, France and the U.S.A., represented by four labor organizations, have no less than 109 votes against an overall total of about 200 votes. Of these 109 votes, the U.S.S.R., France and the U.S.A. represent an agglomerate of 86 Communist or pro-Communist votes. Add to these the following countries whose delegations are very strongly Stalin-tinted: Czechoslovakia, 6 votes; Italy, 7 votes; Roumania, 5 votes; Hungary, Mexico and Poland, 4 votes each; Yugoslavia, 3 votes; Bulgaria, 1 vote. This gives a preliminary general total of 120 votes devoted to Moscow, a clear majority over all the others put together. And we did not include many of the South and Central American delegations over which V. L. Toledano, the Mexican Moscovite delegate, has a very strong influence.

The W.F.T.U. then must be considered as more than a reincarnation of the defunct Communist R.I.L.U. It is the prop needed by Moscow to carry out on a world scale its aggressive economic policy. The various "compromises" accepted by the Russians have no intrinsic value. Thus, Sir Walter Citrine becomes the president of the W.F.T.U., but 35-year-old Louis Saillant, secretary of the C.G.T., and steady supporter of the Communist line, becomes its general-secretary.

POLITICAL CHARACTER OF W.F.T.U.

The New York *Times* correspondent cabling from Paris states that when the W.F.T.U. begins to grapple with world labor problems "and is embroiled in politics, many believe its loose organization may disintegrate on national lines, as has the London Conference" (of the Big Five). Already the resolutions adopted by the new body show that the political trend of the W.F.T.U. will be uppermost in the minds of its leaders. Of the eight resolutions adopted, three bear a general non-committal character, three are clearly political (breaknig off relations with Franco; investigation of the situation in Greece; legislative reforms in South America), and only two touch upon economic problem: industrialization of backward countries (nothing is said about whether colonial policies of the Big Powers are to continue) and a request

for a study of the problem of control of trusts and of international monopolies.

There was no statement on the status of the trade unions recently formed in Germany, but immediately after the first meeting of the new body, the Russian-controlled Berlin radio informed the world that the German Trade Union Association has asked the W.F.T.U. to admit its representatives as observers—until, no doubt, these Soviet-sponsored unions will come in to swell the Bolshevik vote.

LABOR MUST BE INDEPENDENT

An international organization of the workers has been and still is a crying necessity. Such an organization must, first of all, be independent of any political or government body, and independent of any outside influence. The only international organization in existence which is not influenced by political parties or government policies, is the International Working Men's Association (I.W.M.A.) created in the early Nineteen-twenties. Compared with the I.F.T.U., this independent international has a rather small membership, but it has a very powerful Spanish section, the C.N.T. (National Confederation of Labor). It has organized in Latin America the A.C.A.T. (American Continent Association of Working Men), embracing independent unions in all Central and South American Republics; and it possesses very active although numerically small sections in France, Germany, Holland, and other countries.

While we may be unwilling to see and foster the development of all kinds of national and international bodies working in the same field and having very similar *final* aims, there is no doubt that life itself will show how difficult it is for an international labor organization to become an independent force in the struggle of the working class for a place in the sun if such organization remains subservient to political issues of any one party fighting for power or fighting to keep the power it managed to wrest from the other fellow. The creation of a C.I.O. in this country is no accident, nor is the existence of two national labor unions in France a hazard. The stronger the political machinery becomes and the more the state tries to dictate to the people, the more will the struggle for freedom and independence permeate the greater masses. The creation of bodies with greater independence is an inevitable necessity.

If the W.F.T.U. will link its policy to that of a political party or of a government, its disintegration will only be a matter of time. The freedom loving elements among the working class in all countries must be on the alert. They will have to work hard within their trade unions to prevent their national or international centers from being cornered by politicians or by dictators who will chain them to interests opposed to their own.

—OLIVER PARISH

Warning From Texas

"**A**ND IF they try to enforce an FEPC law in this country, there'll be a revolution. Nowhere is the Negro treated better than in the South. But the people of the South won't stand for social equality!"

It wasn't I who injected the racial question into my talk with a leading banker in Dallas, but he.

I had gone to ask him for biographical data about the late Col. E. H. R. Green, Texas railroad president and bank director, with whom he had been associated around the turn of the century. The Colonel, son of Hetty Green (long the richest woman in the United States), then controlled the bulk of Republican patronage in the Lone Star state.

"Nowhere," he averred, "is the Negro treated better than in the South. But he's got to stay in his place." The banker's voice took on a metallic aspect. As he assailed "social equality" he had the look of an over-wrought husky who is throwing sledgehammers at the plate glass windows of a mortal enemy.

"I've read the text of the FEPC bill," I told him, when I could get in a word, "but I don't remember it saying anything about social equality. Economic equality, yes—equal chance for a livelihood—but not social equality."

"Maybe it don't say that in so many words," the Dallasite demurred, "but that's what is really meant by the people who are behind that bill. They want to use the employment issue as an entering wedge. It's like the old story of the camel putting his head into an Arab's tent, then his neck, and finally his whole body. It's always that way with the kind of people who are back of the FEPC thing."

He found another objection to the bill. "Employers would have no more say about what kind of workers they hired if it went through. A lot of these blackbirds are just plain lazy and incompetent."

I was able to answer that one. "The bill provides," I pointed out, "that 'an employer may hire or reject anyone he pleases . . . so long as a needed and qualified person is not rejected because of his race, color, creed, national origin, or ancestry.'"

"Anyhow," he insisted, "it's a dangerous bill. It's simply designed to stir up trouble. . . . As things are, the Negroes and the white people in the South get along all right. We've worked out a formula—just don't have the two races too close together. The colored people in the South are mostly contented—or would be if it weren't for outside agitators. . . ."

Then he cut the interview short, because clients were waiting.

I had heard before about Negroes being "well treated" in the South. Lately arrived, I hadn't had opportunity to observe much evidence on that point. Presently I saw some. Perhaps the Dallas banker has done no riding on buses. I had occasion to do a good deal of it in following days. Texas transportation laws say that "equal accommodations" must be provided for both races. But obviously Negroes get the

worst of it on the buses and in the bus stations. The colored people stand aside while white passengers file into a bus, and if there are no seats left they wait for the next one, or the one after that. I met up with one Negro soldier who on a short furlough, had to wait for eight buses to come along before he could start for home from an Army camp. That cut hours from his leave. In certain places I saw bus stations with decent toilets for whites inside, while those for Negroes were small dingy sheds outdoors.

If one could judge from exterior appearances in towns through which I passed, Texas has a long way to go in providing schools of equal quality for the two races. . . . White customers generally were waited upon first in retail shops. A druggist in Fort Worth, ignoring a brown woman and asking what I'd have, looked surprised when I reminded him that she was ahead of me. In a smaller city I saw a Jim Crow ice cream store. When my train returning North stopped at Greenville I observed a tall sign-board welcoming people to the town. It bore the words: "Greenville has the blackest soil and the whitest people on earth." A few yards away was the yellow Jim Crow railroad station, proving that the sign didn't tell all the facts about that community.

Perhaps the Dallas banker doesn't get around much. Perhaps he doesn't know—though certainly he ought to—that in February, 1941, twenty-two Southern railroads and two railroad unions signed a document that Hitler might have initiated, known as the Southeastern Carriers' Agreement. This was designed to take away the jobs of 2,000 Negro locomotive firemen one by one and replace them with white men. In June, 1941, President Roosevelt's Fair Employment Practice Committee ordered the railroads and unions to end this discrimination policy, but that committee lacked power to enforce its orders. Negro firemen were still being discharged systematically by the Southern railways in the summer of 1945.

If there had been time, I could have told the anxious Dallasite of various Negroes in Broward County, Florida, who are not seeking social equality, but who have not been "treated better than Negroes are anywhere else." I refer to workers who after five days of hard work in the bean fields, came into Fort Lauderdale, the country seat, on a Saturday to buy groceries or to relax and were arrested by sheriff's deputies and charged with vagrancy because they refused to work a sixth day that week picking beans at a wage that they considered too low. Then they were taken before the sheriff, and without a trial were fined as much as \$25.

Meanwhile in Washington the Daughters of the American Revolution deny the use of the tax-exempt Constitution Hall for a recital by the distinguished Negro pianist, Hazel Scott. An ironic circumstance, considering that the ancestors of the D.A.R. fought to establish a nation in which "all men are equal." Can it be that the prideful Daughters are trending toward the new revolution of which the Texas banker spoke?

—JOHN NICHOLAS BEFFEL

Labor's Stake In Tax Reduction

WORKERS IN America pay all too little attention to the struggle now raging in Congress about the proposed changes in the tax law. The average wage earner is concerned only with the direct taxes that he has to pay; the income tax deducted weekly from his pay; the amusement tax he is compelled to pay at the theatre or movie house and similar imposts.

The reason for this mistaken view is the outdated conception that taxes are levied for the sole purpose of revenue for government expenditures. In reality the power to tax is an instrument of economic control and has been used to facilitate the exploitation of the masses by the captains of finance and industry. Under the system of "private enterprise" the power to influence or control tax legislation lies mainly with capitalists or groups sympathetic to capitalism.

CAPITAL VS. LABOR-CONSUMER

Profit is the mainspring of the present day industrial system. Owners of the means of production permit the use of their property only if they are allowed to make a sufficient profit on the goods or services produced. The amount of profit the owner gets is equal to the price he can exact from the buyer less the cost of production. Therefore, the greater difference between cost of production and the price of the merchandise, the larger is the profit of the owner. This rule holds true whatever form the profit assumes, whether as profits of the manufacturer, interest on loans, rent on real property, or any other form. All those incomes are part of the value created by human toil and taken away from the producer.

In their quest for higher profits, the owners try to reduce costs by lowering wages, increasing the productivity of the workers and raising selling prices of their products by diminishing or stifling competition. For decades the industrialists and financiers engaged openly and directly in these activities. They fought labor unions with all the forces at their command: police, injunctions, gunmen, starvation, spies, and other brutal means. They formed trusts and cartels to eliminate competition. They limited production to create scarcity and even destroyed badly needed commodities in order to maintain high prices.

In the last fifteen years, however, conditions have changed greatly. Despite all obstacles, labor managed to organize strong trade unions and wrested considerable concessions from the employers. Hours of labor have been shortened, wages increased, the speed-up resisted and controlled. Technological changes resulting in increased productivity brought demands for a share of the proceeds for the worker. It became more difficult to reduce production costs by lowering labor standards.

Similarly the consumers are gradually developing means of resistance to higher prices. The consumers cooperative movement is growing; public opinion has

forced the government to place certain restraints against trusts and monopolies. The middle class organizes and resists the onslaughts of the corporations. It bands together in associations for self-defense and offers effective competition. It becomes constantly more difficult to maintain profits at a high level through the old methods. In their dilemma, the big industrialists have turned to the government for aid, and received it. Here is how it works.

TAXING FOR PROFIT

The government exercises a considerable degree of economic control through its power to levy taxes. For instance, by increasing or decreasing import tariffs on commodities it can enlarge or diminish the supply in the market, thereby lowering or raising its price to the consumer. By shifting the tax burden from one group of citizens to another, the government can control buying power of the population and either increase or decrease the demand for goods and services, thereby affecting production, employment, and wages. By levying high taxes on idle capital and excess profits, it can reduce rates of interest and force down prices. In a word, the factors that determine distribution of created wealth and the share that each group is to receive can be controlled and manipulated by the government to a certain extent through its power of taxation. And the government uses this power either to save the capitalist system from destruction by its own folly or to give it an opportunity to fatten on the toil of the masses.

A glance at the tariff laws enacted in Washington during the last twenty years will prove that point.

In the late Twenties, during the Coolidge prosperity, the Smoot-Hawley tariff was enacted, reducing the imports of foreign goods to a trickle. This prosperity as we now know was only a glittering bubble created by inflation. Prices rose sky high. This brought about an orgy of speculation. Fabulous profits were made overnight to sustain the boom. To maintain those high prices and exorbitant profits, we had to protect the American market from the competition of cheap products from abroad. The Smoot-Hawley tariff was the Chinese wall erected to exclude foreign imports.

The bubble burst in 1929. The banking system collapsed, credit stopped and with it, the whole over-expanded production machinery came to a halt. Millions of workers were thrown out of employment. Prices toppled and we found ourselves in the deepest throes of depression.

REPAIRING THE SYSTEM

Came Roosevelt and the New Deal. His first job was to start the stalled industrial machine again through the creation of buying power. So he closed the banks to salvage whatever possible of the savings of the people. Then came the creation of employment and earnings through the WPA, PWA, and relief measures. The National Recovery Act put

a floor under wages and a ceiling over hours of labor in order to spread employment and increase the buying power of the population.

All these measures of relief and made work were possible only because of the government's power to levy taxes and spend the money for purposes it deemed necessary for the nation's welfare. In speeches during this period and later, the President pointed out that these measures were necessary to save the system of private enterprise.

Shortly afterward Congress adopted on recommendation of the President, the reciprocal tariff law and the favored-nation policy permitting the government to reduce the import tariff on certain commodities by 50 per cent. To meet the government debts incurred for rehabilitation of the economic apparatus, the government widened the base of the income tax and increased the percentage of taxes on higher incomes of individuals and corporations. And to counteract the deflationary effects of the depression, three distinct measures of an inflationary character were adopted. It took money from the wealthier classes through taxes, and gave it to the destitute in wages and relief, lowered the excise tariffs to increase consumption, and cheapened money by devaluating the dollar.

The effect of these measures upon the economic life of the country was soon noticeable. Employment and sales increased. Factories were reopened, business revived, and a measure of recovery was soon on the way.

Organized labor's role in these developments was of course very significant. Such events as the wave of sit-down strikes which brought the unionization of mass-production industries to the fore and the vast increase of union activity in urban centers, not only gave labor a direct increase in its share of industrial income, but provided the mass pressure which stimulated the government to enact various measures of palliation.

But all these measures could hardly begin to solve the dilemma of the profit system which never can give its producers enough to buy back what they have created. There were still millions of unemployed and the wages of many of those who were working were still below a decent subsistence level.

WAR TAXATION

Then came World War II, and with it the danger of inflation. Competition from European countries stopped. War orders from the allied nations flooded the country, especially after lend-lease was enacted. Demand for labor outstripped the supply. Buying power increased tremendously while output of goods and services for civilian use was drastically diminished. To prevent inflation Congress gave the President power to enforce price ceilings, ration goods, freeze wages, and allocate materials and all other facilities needed in production and distribution of goods. Still this was not sufficient. The economists in Washington felt that so long as there was more money in circulation than materials to be purchased,

inflation would set in through black markets. To overcome this difficulty the government again resorted to its power of taxation to drain off the surplus buying power, by levying heavy income taxes on all incomes above 10 dollars a week, and placing high taxes on amusements and so-called luxuries. In addition, campaigns were conducted among the people to lend their money to the government at a comparatively high interest rate.

Now that the war is over, the shoe is again on the other foot. Unemployment is with us once more. About 10,000,000 workers in the war industries have lost their jobs or their incomes have been drastically cut by loss of overtime pay and bonuses. Hundreds of thousands have been demobilized from the armed forces and thrown upon the labor market. There are not enough jobs to go around. Insecurity generates fear. Again it is necessary to increase buying power and reassure the population. The Administration's program for higher unemployment benefits, raising the legal minimum wage, and easing the tax burden of the low income group of citizens aims to bring this about.

WHO BENEFITS BY TAX CUTS

There are no differences of opinion as to the urgency of this change in the tax law. The struggle in Congress is only about what class of taxpayers should get the greatest slice of relief from taxes. All agree that the 12,000,000 workers in the lowest bracket, those who earn as low as \$10.00 or 12.00 a week, should be free from paying income tax. They differ, however, as to whether the greatest saving should go to those low-paid workers and the lower middle class, whose yearly income runs between \$1,500 and \$5,000 a year, or to the individuals in the higher income brackets and the corporations.

Two bills designed to cut taxes are under consideration. One proposed by Secretary of the Treasury Fred Vinson, would cut \$76.00 from the tax paid by persons earning \$3,000; would shave \$105.00 from that paid by those in the \$4,000 brackets; and \$2,985.00 from the tax assessed against individuals and corporations earning \$100,000. A Congressional Committee bill would reduce the tax for the \$3,000 class by \$27.50; that for the \$4,000 bracket by \$52.50; and for the \$100,000 group by \$5,558.

Even the Vinson proposal does not go far enough in lifting the tax burden from the workers. It certainly does not shift the burden to the shoulders of those who can best carry it, the wealthy individuals and corporations who grew fat on war contracts.

It would be futile to expect the American government to effect a basic re-distribution of income through tax adjustments, for that would be equivalent to the destruction of the capitalist system. And any small concessions now given to the lower income brackets by tax changes can just as easily be taken away by legislative action at some future time. Labor must rely on its own united strength and solidarity if it expects to live on a decent economic level in keeping with the tremendous productive capacities of this country.

—HENRY SIMON

A Doctor's View of Socialized Medicine

IT SHOULD be said at the outset that "socialized medicine" is a misnomer. What is being proposed to improve the health service in the United States would better be designated as "governmentalized" medicine. It is not society or social groups but the government that is called upon to act against sickness and inability to pay the doctor's services and hospitalization. The distinction is important if the opposition to the proposals and the nature of the proposals themselves is to be properly understood.

Recent surveys show that relatively large proportions of people in agricultural districts and in underprivileged regions of the United States fail to obtain ample medical protection against sickness and disease. In these regions the standard of health is consequently below the average for the United States as a whole. In comparison with other countries the United States average is high and the record is at least as good as in the countries where "socialized" medicine was highly developed before the war. There are several countries, among them Australia, where the health record appears to be better than in the United States but the statistical data are inconclusive. In Australia the standard of health of the white population alone is given. In American statistics no distinction is made between colored and white population districts and the low standard of living imposed upon our Negro population thus brings the average down. If statistical data were computed in every country on the same basis the United States would probably show up second to none.

INEQUALITY IN MEDICAL SERVICES

In the cities, towns and larger villages the medical service is generally good and available to all regardless of financial status. There are a sufficient number of free clinics for those who are wholly unable to pay. There has been a very slow improvement in the administration of these free clinics, but it is still no pleasure to avail oneself of this service, not because of the quality of the medical treatment, but because of the manner in which it is being dispensed. In more sparsely populated sections of the country, however, and where the living standards are low as in the agrarian south and part of the west, there are serious difficulties in obtaining adequate medical service even for people with means. There is a general scarcity of doctors because few care to settle in these regions. There is, further, a scarcity of hospitals, clinics and dispensaries for maternal and infant care, for the treatment of venereal diseases and little knowledge of preventative medicine.

It is most urgent that an attempt be made to equalize the availability of medical service throughout the country. It should be made available to all and the service should be so equalized as to be everywhere at least as good as in the most favored regions. The question is how this can best be done.

Another problem distinct from the problem of availability is the problem of the middle class of the low income group. This class can pay for ordinary medical attention, but is unable to bear the expense of prolonged sickness and the cost of major operations. There is here obviously no question of the availability of medical service. It is on hand but the economic means to pay for the commodity are not. It would be puerile to suggest that in such cases the patient should make use of free clinics, since this suggestion ignores the psychology of the patient. His self-reliance and self-respect prevents him from making use of free clinics and in most cases he will go without medical attention or ruin himself economically rather than accept charity. Neither course will be good for his health.

In every case mentioned: in the underprivileged regions, the poorly administered free clinics, and the inability of the lower middle class to pay for expensive medical care, the problem is economic and could be remedied easily enough by a general rise in the standard of living.

We are not now concerned with improving the living standards but to find the best possible means of providing medical service under existing conditions. In the sections of the country where medical service is not available the federal government, or even better, free organizations such as the trade unions should provide funds for the building of clinics, hospitals and dispensaries. Means should also be found through a national insurance fund, either governmental or trade union sponsored, to pay medical service well enough to attract sufficient numbers of doctors to these underprivileged regions.

In larger communities where medical service is available but not fully utilized for lack of purchasing power, an insurance system could distribute the risk among the community as a whole and thereby reduce materially the burden on the individual patient. But the plan for such insurance now under debate and as formulated in a bill before Congress is likely to do more harm than good. It provides for the radical reorganization of the entire medical service system throughout the country. The Wagner-Murray-Dingle bill if passed would set up a federal medical service to put medicine on a par with other governmental agencies such as the OPA, WPB, PWA, etc., etc. It would give the government almost complete control over the medical colleges, hospitals, clinics, dispensaries, even the doctors themselves. The doctors would become civil servants in the pay of the state but allowed to pursue a private practice and serve a private clientele as well. The surgeon general of the United States would become a quasi-minister of health with cabinet rank ready to attack sickness and disease with powers by far surpassing those of the Secretary of War in time of peace.

GOVERNMENT MEDICINE VS. SOCIAL CONTROL

Despite the best intention of a patronizing government officer, the difficulties with which he will be confronted as commander-in-chief of the war on ill health would inevitably change him from a medical officer into a medical politician. To give an example from the experience gathered during the war on the effect of government intervention in the relationship between doctor and patient: The government provides that wives of servicemen are entitled to medical care in child birth at a fifty dollar fee for the doctor. The serviceman's wife is further entitled to a bed in the hospital likewise at the price of fifty dollars regardless of the length of time she remains hospitalized. These provisions are liberal. The price is, indeed, considerably below the normal price charged by doctors and hospitals. But here is the rub. Few doctors are willing to take the case and virtually no hospital has a bed available whenever it is a question of a serviceman's wife about to give birth to a baby.

This example will be multiplied if and when government intervention begins to operate throughout the whole complex and intricate relationship between medicine, doctor and patient. For what is proposed is the collection of funds by the government through compulsory health insurance and the administration of these funds by a Washington bureaucracy. Every doctor who contemplates this event sees at once before his mind's eye a vast array of formulas to be filled out, questionnaires to be answered for each patient and an infinite number of controls by government boards and government investigators to check up on information given. The patient will hardly be better off. He will have paid faithfully a fraction of his wages year in and year out toward the government fund. But when the time comes when he must avail himself of the insurance he will find that none or very few of the doctors with a reputation of their own and an established clientel will be available to him for that kind of money. He will have to seek the service of a doctor who is ready to work for government fixed and supervised fees because no private clientel is storming at his door.

It is fear of the proposed bureaucratic controls and the inevitable intervention of political bosses both local and national, in the administration of the insurance fund which has caused many doctors to reject in toto, the proposed governmentalized medicine. I would welcome government action as a palliative in those regions where the community is not rich enough to do without government funds for the building of hospitals and the services of good doctors. But the administration of these funds should not be in the hands of a political appointee either federal or local. It should be turned over to a board elected by the medical profession and the local community with equal representation for each income group and drawn from all racial sections of the community to avoid discrimination against either doctors or patients.

A nationwide compulsory system of health insur-

Silone and the Hollow Men

THOSE WHO ARE concerned about the fate of humankind see two currents of thought and action sweeping the world today: a broad, powerful stream of totalitarianism engulfing the complexities of modern social life, answering each individual's problems with a roaring, "I have the answer for all"; and an emergent trickle of ethical individualism which answers the problems of all by emphasizing the relation of *each to each*.

Arthur Koestler has set up this antinomy in his *The Yogi and the Commissar*. He has stressed in his writings the failure of the logic of the Commissar, yet, in a confusing manner, speaks of it as a fateful movement in history as it alternates with the romantic or irrationalistic periods. "They are the tidal waves on a river which yet flows into the sea." He compares the periods of irrational mass-psychology to "periods of sleep and dreams. . . . Without these periodic plunges into the sub-conscious the vital juices would not be provided for the next wide-awake Promethean or Commissar period."

Herbert Read has given, it seems to me, a more proper place to the promptings of the irrational. Instead of alternating them in historical periods, he finds them operating simultaneously and balances them—"Anarchism with imagination, function with freedom. . . . The world's unhappiness is caused by men who incline so much in one direction that they destroy this balance."

The trickle of ethical emphasis has, in turn, divided itself and moved in two directions: the religious one (involving the supernatural with T. S. Elliot) and the worldly, social one as of Silone, with whom this article deals. It has too often been the criticism by the realists (it pleases them to call themselves this) that those who base their actions upon moral principles and expect to change society this way are blind as to the people who inhabit the world. Their answer to the ruthlessness and deceit of their opponents is ruthlessness and deceit, until,

ance to make the available medical service accessible to all should not be objected to where free insurance fails. But here again the funds should under no circumstance be administered by government officials, but should likewise be entrusted to each local community and the best possible administrative talents it can provide. In each case the object should be the preservation of conditions which permit an intimate relationship between doctor and patient which is a vital factor in the art of healing. It does not serve any good purpose to scoff at this point raised by many doctors. It may well be that individual greed and quackery are more rampant among doctors than the profession would like to admit, but the intervention of government officials as a controlling force would do nothing to raise the ethics of the profession.

—IRVING BYRD, M.D.

we may add, these qualities become an integral part of the mores of their social system.

WASTELAND AND HOLLOW MEN

Ignazio Silone, the Italian anti-Fascist and revolutionary novelist, was not blinded by his hope for a better world and a better Italy into envisioning the Italian peasantry and people as being idealistic and heroic. He saw Rome in the London, Jerusalem, Alexandria wasteland pattern. He saw the horror of the jutting jaw and the military parade. The horror not merely an aesthetic reaction, but something that not merely an aesthetic reaction, but something that touched him intimately as a fighter in the ranks to destroy this ugliness.

There were hollow men all about him. They were to be found among the men of his own party, among the intellectuals, among the people, among all the oratorical, wind-filled men of today. His countrymen were mired down in poverty and ignorance. In the struggle to raise themselves to a level of comfort, they became shrewd and calculating, ready to pick the bones of the "friend" of a moment before who had unfortunately, and probably through treachery, fallen by the wayside. Connections, indeed, had taken the place of friendship. Connections were the stepping stones to success as well as they might be the path to perdition. In *The Seed Beneath the Snow*, Silone writes:

"There's been no such thing as friendship in our part of the world for a long time, Mother, haven't you noticed? What we have now is 'connections.' Yes, that's the word: 'Connections.' You see, Mother, we're country people around here; we don't care for idle chatter but for cold facts; the important things in our lives are hail, snow, rain, drought, hoof-and-mouth disease in our cattle. What they call in the city 'fateful and historic days' seem to us absurdities, as indeed they often are—yes, noisy and pompous absurdities. And we are right about it, too, because, in spite of changing governments, our country's politics has been based on the right of the demagogues to share the spoils among themselves, and probably it always will be so. And let's be frank, what can demagogues do except talk? . . ."

Here were the materials of the world of Joyce and Eliot. Silone believed they were pliable and could and must be used in the struggle to overcome evil. The important thing was to remain in the ring and give battle. In *The Seed Beneath the Snow*, Pietro Spina returns to Italy, with a price upon his head, to become one with the Italian people in the struggle against Fascism. Yet, the people do not struggle against it—miserable as is their condition—they only struggle with life in order to live. They do not rise above the particular facts of their existence.

CO-WORKER NOT CONSPIRATOR

In the person of Infante, a deaf-mute whom Pietro meets while in hiding, we see the Italian people; he is used as a work-horse, abused, beaten, and left to gather the scraps off the table. Pietro places Infante under his care; rather, this relationship is a bond of friendship from which a new Infante emerges. That is, potentialities heretofore hidden show them-

selves. Man is thus seen in his dual capacity, capable of good and evil, depending upon the conditions under which he lives.

That is why Spina goes back to Italy to live with his people, to toil with them in their poverty, to suffer with them in their misery and to be happy with them in their joy. This is done not in the spirit of self-sacrifice, but in a spirit of oneness, of needed identity with the members of society. He does not wish to be their leader but a co-worker. He hopes that his love of them directed disinterestedly toward their betterment would exert a wholesome leavening effect upon them.

In Silone's earlier book, *Bread and Wine*, Spina smuggles himself into Fascist Italy also, but then he comes as the revolutionary conspirator. He struggles to get to the people but can find no way of reaching them, no point of contact. In *The Seed Beneath the Snow*, this problem is largely solved by his becoming a worker, a peasant, joining them in their back-breaking work. Actions, only, are important: words, oratory, though pleasant to the ear and capable of casting spells, are discounted, and are believed neither by the speaker nor hearer.

EMPTY WORDS

Silone has a fear of words and the importance they have assumed. One of his characters sums up the situation:

" . . . at the source of all things is rhetoric; politics, morals, art, and even religion, if I may speak clearly, have ever been the modest hand-maiden of sovereign oratory.

"To every honest believer of modern intelligence . . . it is self-evident that Creation had its sources in an irresistible oratorical impulse of the Creator; in brief, He wished to depart from His infinite solitude and to have someone to talk to. Heretofore He had been in the painful situation of a great orator without an audience. Mind you, this is no arbitrary interpretation of Holy Scripture. Do you remember in our catechism the question and answer: 'Why did God make man?' 'So that he might glorify his Creator.' This is the succinct and audacious reply that is printed in every Catholic manual of Christian doctrine. . . ."

Words, obviously, mean nothing to the deaf-mute; actions and the warmth or coldness of the human approach have significance for him. He is beyond the reach of oratory, Fascist or otherwise. So Infante develops. He is not Rousseau's noble savage. He can become petulant and stubborn and murderous. For in the end he murders his father. The crime is tragically necessary for the full development of Silone's point. Infante's father has been in America for twenty years. In all that time he has not once taken cognizance of his son. But as a result of an accident he has lost his arm and now, unable to work, has returned to take possession of his deaf-mute son as guardian under Italian law.

It is not quite clear whether Infante recognizes the relationship with this man, his father, who has suddenly appeared. He does, however, understand that he is losing his friends (Spina and others) and that he may return to the old round of slavery and beatings and unfriendliness. Pietro comes upon the murder before it is known by any others. He sends

the deaf-mute away, calls the neighbors, and proclaims himself the murderer.

Was there another choice for Pietro? That the hero should die for the deaf-mute seems an act of sacrifice both unnecessary and harmful to the cause which Pietro wishes to serve. But if the deaf-mute—or the downtrodden people—were to die, who was the struggle for, what meant the friendship? The moment had come, perhaps sooner than he wished, for Pietro to experience the fullest, most fatal, meaning of his work. Yet part of it was done; Pietro had planted a few seeds which lay beneath the snow waiting for the spring to cause it to burst through the earth.

Pietro's spirit was now alive in Simone-the-polecat, in Cesidio, in Francisco, and others. It was alive in Infante too. He was mistaken for Christ one day when he had appeared in the field of a poor woman whose husband had been thrown into jail by the fascists, and had hoed her field. She had begged him to stop, for she had no money with which to pay him. Eventually she realized that it was being done not for money, but out of man's goodness. It must, therefore, be Christ. Who else would work for no money "in these times?" And that was the story that went from home to home, from village to village. There was an air of expectancy and everyone was looking for the poor stranger—the Christ. Could there be any other choice that would not place Pietro outside or above his own people? Pietro's acceptance of his role, therefore, was a tragic necessity.

EVEN WITHOUT HOPE

Silone's interest in the world is signified by his interest in people, in each person as an individual entity, not in man as a mass, an automatic configuration moving dialectically from one stage of history to another. He resides with the poor and poverty-stricken in friendship as a companion, as one who breaks bread with them ("cum pani"). Joyce and Eliot, though not living in an ivory tower, seem to have escaped to some mountain (Joyce especially, after having written *The Portrait*) from the top of which they watch the struggling world and indulge in their ratiocinations. In *The Seed Beneath the Snow*, Don Severino asks:

"Pietro, don't you think that human society will always be ruled over by some sort of oligarchy; that there will always be unfairness and oppression?"

"No, I don't believe so, Severi. And even so, what does it matter? We shall always be on the side of the poor."

"You're right," Don Severino assented. "We must live on, even without hope."

Don Severino and Pietro here express the attitude of the radicals of today—a hope, pessimism, and a readiness in the face of it all, to plunge into and brave the torrent of totalitarianism that prepares to sweep across all society, buoyed with the life-belt of morality.

—J. S. WHITE

Great Britain Bankrupt?

(Continued from Page 1)

to the production of armaments while her neighbors with the exception of Russia continued to produce primarily consumer goods. When Germany attacked she threw into the balance her fully developed resources geared to war against the peacetime economies of France and Britain. France fell before the test could be made to find out how well she could have resisted had she had a totalitarian war economy. The task imposed on Britain was beyond the capacity of the British Isles alone. In manpower Germany had twice her population. In economic resources she had twice the raw materials of the British Isles and more than twice the equipment. All these resources geared to total war counted in actual war material at least ten times the total resources of the British Isles. There can be little doubt that but for the Channel, which provided the breathing space for the economy of Britain, and British access to the raw-material of her Empire, the Isles would have failed to turn the tide. As it is, the totalitarian economy of Russia and the tremendous resources of the United States had to be thrown into the balance to defeat Germany. The effort inevitably became total in England and the United States. It exhausted the entire financial resources of Britain, almost all her foreign investments and forced her to borrow heavily from the dominions and from India. Finally, she had to accept lend-lease aid from the United States without hope of ever being able to fully repay this aid in goods, because virtually all the material thus obtained is unrecoverable once it is expended in war.

Before the outbreak of the war it was a maxim accepted virtually by all leftist writers and by many conservatives as well that the origin of war is to be sought in the economic rivalries between imperialistic powers for world markets. The present inability of the British to borrow money on an orthodox interest bearing basis should at least dispel the notion that British capital is benefitting economically by the destruction of the economic power of Germany. Possibly British capital was unable to foresee this result and went to war in the mistaken belief that filthy lucre could be gained thereby.

If that were so British capital is more shortsighted than the conspiracy school of thought in international politics will give it credit for. It would obviously have been far simpler to gain the victory if England had waged war in Germany at the latest in 1936 when Hitler provided a *casus belli* by remilitarizing the Rhineland. At that time German military power could have been easily disposed of without the material aid of the United States and Russia. Britain would have remained a commercial world power and could have taken over all the markets which Germany had developed since the treaty of Versailles.

No doubt British capital would have welcomed a

war between Germany and Russia in which Germany would have emerged victorious. But such a German victory would not have gained any foreign markets for Britain, Hitler would have seen to that. The only benefit which would have accrued to Britain's ruling class would have been political, the elimination of the Russian threat to the security of capitalism in Britain and the world at large.

IMPACT OF TOTALITARIAN ECONOMY

The fact is that Britain as a whole, capital and labor, wanted no war at any price any more than France or any of the smaller democratic neighbors of Germany. When war came it had become politically inevitable, because Germany threatened the subjugation of all its neighbors and indeed of the world as a whole. It was no longer a mere question of rivalry for foreign markets. In six years of war on a total scale Germany has succeeded in destroying the very basis of international trade, the free exchange of goods. Germany's war put the final touch to a process which began in fact with the last war and the creation of a totalitarian economy in Russia after the communist seizure of power and the liquidation of the free institutions (the original soviets) created by the revolution. From then on the restrictions on international exchange of goods grew progressively greater. Each of the larger trading areas tended to become a closed economy surrounded by tremendous tariff walls, currency restrictions and government control over foreign trade.

There can be little doubt that the United States will make a determined effort to reverse the process. The Bretton Woods agreement with its creation of the International Bank and the large funds put at the disposal of the Import-Export Bank in the United States are steps in that direction. The loan which Britain will obtain in all probability is another. It will probably set a precedent for other similar loans to France, and the democratic countries in north and western Europe in general as well as to the South American countries. In total the loans thus granted will probably exceed the international loans made by the United States after the last war. The figure of 9 billion dollars is being mentioned as a tentative total. And this sum must be considered as a means of starting the repairs of the destruction caused by the war. In addition, at least a generation of productive, non-military work in all countries involved in the World War will hardly be enough to reconstruct what the war has destroyed.

If the 9 billion dollars are to be used to the fullest effect a series of trade agreements must be concluded to reduce if not to abolish the tariff walls which inhibit international trade. Britain will have to give up the Empire preference which favors trade within the Empire and cut down foreign competition for Empire markets. The United States in turn will have to open up its internal markets to foreign competition and all the rest of the world seeking loans in the United States will have to follow suit. Only if these conditions are fulfilled can the International Bank effect a stabilization of national currencies in

terms of each other. For the value of the dollar, the pound sterling, the French franc, etc., in international trade is a function of the goods which are being exchanged. The French importer of United States machinery, for instance, can pay for them in dollars only if France sells sufficient goods to the United States to accumulate a dollar balance. In other words, goods of any kind are ultimately paid for with goods, and money serves merely as a medium of exchange. Currencies and their values have broken down everywhere because the war, and preparation for war, has forced the countries participating to live on their capital. Today Britain and France produce no goods they can offer to the United States in exchange for the food they have to import and for the basic machinery they must buy for the reconstruction of their industries. This being so neither the French franc nor the pound sterling have any value in terms of the dollar beyond the promise of future payment in goods.

The question, then, whether Britain is bankrupt can be answered in the affirmative only provided that no agreement for the free exchange of goods over the larger surface of the earth can be arrived at between the United States, Britain, France and the rest of the western world. In that case Britain, France and all other countries with a traditional liberal economy will of necessity have to maintain the complete war controls over the national economy which they adopted in self defense against the attack of totalitarian Germany. If an agreement for the liberation of world trade fails, Germany will have succeeded in permanently destroying the fabric of 19th century liberalism within each capitalistic country as well as the fabric of liberal world trade.

The agreement would be vastly easier to arrive at if the Russian state could participate. Moscow is likewise in the market for a United States loan. Originally it proposed to borrow ten billion dollars (twice the sum Britain requires) but it subsequently scaled down its requirement to 6 billions. However, Russia has manifested no intention of relaxing its total government control over the national economy and consequently does not intend to give up total government control over all exports and imports. What is more important, it has no intention of effecting a switch over from the production of armaments on a total scale to the production of consumer goods. As before the war Russia will devote only the absolute minimum of its natural resources, its industries, agriculture and manpower to the satisfaction of civilian needs. Russia seeks a loan of 6 billion dollars not for conversion but specifically to avoid the necessity of such conversion if there is to be no disastrous famine. The six billions will be spent on the purchase of food and consumer goods abroad which the Russian state has no desire to produce at home, because such production at home, however temporary, would lessen Russian resources as a war making power. A loan granted to Russia under such conditions would be purely a political loan. As a price paid for the withdrawal of the Russian armies from the Balkans and middle Eu-

rope, and for the liberation of Poland from Russian tutelage, the United States would probably be willing to grant this loan. But Stalin has left no doubt that he will forego the loan, rather than submit to such conditions.

When Germany began to devote all her productive capacity and natural resources to the creation of a total war machine in 1933, war between her and the capitalistic powers became inevitable. One could be more sanguine in the belief that the Bretton Woods agreement would be implemented and that the effort to create a world market free from government tutelage would succeed if there were any hope that Russia would cease to be a totalitarian war economy. As it is the process of reconversion in other countries will remain halfhearted at best. If this war has demonstrated anything it has shown conclusively the economic and political interdependence of the world. As long as there is a single totalitarian power left in the world, particularly one which covers one-sixth of the earth, it is not likely that free economies will long survive by its side. Much less can there be any hope that the internal economies of the liberal countries can be freed from capitalistic monopolies and cartels and that labor could gain a voice in industrial management. At best the world is dividing itself into two spheres. The sphere of the capitalistic countries with their free market economies and the sphere of totalitarianism where even the relative freedom of the consumer to obtain civilian goods in exchange for his money is non-existent.

—GEORGE MICHEL

Vargas Hits a Snag

Now and then a dictator stubs his toe. *Worldover Press* cites this bit for the record: "President Vargas of Brazil, who has refused to run again for the presidency but who is still being urged to do so by clamorous supporting organizations, told police chiefs not to grant permits for political gatherings on behalf of any except legitimate candidates. When his insistent backers wanted to hold a huge mass-meeting in Rio de Janeiro to boost his re-election, they were denied a permit, because the President had announced that he was not a candidate."

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For White Patients Only

People in Memphis, Tennessee, draw a sharp line between the black and white races. Lonnie Hearon, Negro, 16, was critically burned in a gasoline fire in a garage there on September 26. A fellow-employee telephoned for an ambulance. When one came, and the driver looked at the injured boy, he said: "This is for white people only" and drove off. Lying on the ground, and suffering intensely, Lonnie had to wait for many minutes before a second call brought an ambulance for Negroes. His life might have been saved if he had had prompt medication, but he died next day.

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Communism and Catholicism

Louis Budenz, editor-in-chief of the *Daily Worker*, has left the Communist church to be received with open arms by the Catholic Church. His wife and daughters made the switch along with their Lord and Master. We are reminded of a question from the floor along about 1928. Can you tell us, we were asked, what is the difference between the Trotskyites and the Stalinists? We did not know but we offered to explain the difference between Baptists and Methodists.

Diplomatic Rupture

EASILY the most dramatic event of the past month is the failure of the international conference in London. It is the first international conference of our time to fail by the admission of all participants. All other international conferences beginning with the peace conference called by the Tsar of all the Russias at the turn of the century were hailed as outstanding successes, milestones on the march to world peace and cooperation. The successful conferences ultimately led to two world wars; what can be expected from one that failed? The foreign secretaries and ministers of the five powers which participated in the London Conference returned home like travelling salesmen unable to unload the goods, the commodity of peace which they had set out to sell each other in London. The greatest sale resistance was manifested by Molotoff, who denied that he had ever opened the door to the French and Chinese ministers, after they had been in the house for eleven days. In the end he wanted to enlist the aid of Byrnes and Bevin to have them kicked out. Had they consented Molotoff in addition would have demanded that they sign a protocol stating that they had never kicked them out since they had never been let in.

Many of our colleagues in the conservative and leftist press were unable to conceive of such foolishness as likely behaviour for responsible statesmen. They set out to find a motive for the crime in the manner of the sleuth familiar to all readers of detective stories. It was claimed that Molotoff was angered by a report on German reparations written by American economists attached to General Eisenhower's headquarters. This report recommended the maintenance of German heavy industry not devoted to the manufacture of armaments and thus ran counter to the Potsdam agreement. It is curious that a sizeable part of the democratic press persists in talking about Russia as if that country were as small and helpless as Luxembourg and needed to be defended against a hostile capitalistic world which could swallow up Russia in the twinkling of an eye. We do not belong to that school of thought. We are, on the contrary, under the very strong impression that Molotoff can speak for himself or rather for Joseph Stalin. If he had any reasons to be angry with Byrnes and Bevin, other than those he mentioned, he would have found words to express them. It would have been easy for him to gain support in Britain, France and the United States for any objection he would have cared to voice against American softness towards Germany. The fact is he was out for much bigger game.

Russia consistently attempts to introduce at international conferences the conception of unity in conformity which the Communist Party has imposed on the Russian people at home. The Unity of the Big Three, to Joseph Stalin and his spokesmen, means unity in conformity with the will of Stalin and noth-

ing else. Since such unity is obviously more difficult to achieve when the participants number five instead of three, it is quite clear why Molotoff wanted France and China out of the game. Had they voted the Communist ticket he would have insisted that the Potsdam declaration provided expressly for their participation.

No amount of sophistry can gloss over the fact that no one in his right senses expects or fears any developments which would make war between the United States, France, Britain and any of the smaller democracies inevitable. If the question of world peace depended upon these powers alone an agreement could be arrived at which would continue the peace that has prevailed between them for the last 130 years. Obviously and indisputably the problem is the maintenance of peace in the world when at least one major power is ruled by a totalitarian government. However small the real influence of public opinion in the democracies, it is strong enough to prevent their governments from wantonly attacking any of its neighbors. Under modern industrial conditions no country can go to war against any other country without a government disposing of totalitarian powers over the economy of the country. None of the democratic governments dispose of such power in time of peace, nor can they obtain the grant of such powers until directly attacked or threatened by immediate attack. In Russia however the government has these powers permanently ever since the Communist Party usurped power and liquidated the free institutions created by the Russian revolution. Whereas the United States and Britain are now engaged in a process of demobilization of the armies and reconversion of industry from war production to peace production, no such process is observable in Russia. Why then does a sizable section of the so-called liberal press and radio commentators persist in presenting the story as if Russia had more reason to fear a concerted military attack against herself than any other power? That which has happened to the Baltic states despite their non-aggression pacts with Russia, to Poland, Rumania, Bulgaria and Yugoslavia or any of the smaller countries subject to the protection of Russia, does not argue that the Russia of totalitarian communism is any less aggressive than the Germany of the Hitler era.

—JOHN PETERS

French Labor and Politics

DURING THE WEEK of September 5th the three leading French political parties (Socialist, Radical and Communist) met jointly with the French General Confederation of Labor (CGT) and the League for Human Rights in order to secure modification of the electoral law so as to equalize the representation between rural and urban districts and to introduce full proportional representation for all political parties.

Despite divergent programs (each of the three political parties was opposed to the electoral law promulgated

by General de Gaulle) they were able to reach common agreement upon the principle of an electoral law of their own. But they chose the General Secretary of the CGT Leon Jouhaux to head their delegation which was to present their desiderata to General de Gaulle. And thereby hangs a tale, tragic in its implications for Jouhaux personally and the impasse into which the French labor union has been maneuvered by the political parties—socialist and and communist.

When the CGT wrote its charter at Amiens in 1906 (the Amiens Charter) it was resolved that the CGT should never participate in the electoral struggle but should concentrate its action in the economic field where alone a social transformation can be effected by revolutionary means. Since the last war, however, the CGT has come more and more under the influence of the social democrats and abandoned revolutionary struggle. Only when the fascists threatened to seize power did the CGT return for a brief moment to its revolutionary past. In 1936 the spontaneous sit-down strikes broke out all over France and in virtually all industries and threatened to develop into a full-fledged, social revolution. It was again a socialist government—the government of Leon Blum—which used its influence to stop the revolution by hastily introducing a number of relatively minor reforms (shorter hours of labor and vacations with pay.)

World War II failed to reverse the trend towards reformism and participation in politics inside the CGT. On the contrary, the communists were able to maneuver themselves into key positions inside the CGT and are now the controlling influence in all its decisions. In rapid succession they introduced and passed resolutions all of them in direct violation of the CGT Charter. By authorizing and recommending to the trade union officials and in particular to the secretaries of the CGT to register as candidates in the elections, the National Committee of the CGT violates Art. 7 of the Confederate Statute which explicitly forbids this kind of activity. The Communist majority in the National Committee of the CGT went still further in its illegal decisions (illegal action within the statute). It named two of its secretaries, Trachon and Jouhaux, for election to the proposed constituent assembly and constituted an Executive Committee within the Confederate Bureau made up of twelve members.

Such decisions aim clearly at the end desired by the communists, to wit, to get rid as soon as possible of Jouhaux who has been driven into a blind alley. How impotent he has become, and with him the CGT, was nowhere more apparent than in the answer he received from General de Gaulle when he tried to see him on behalf of the left political parties. General de Gaulle refused to receive him and to listen to the desiderata of the Socialists, Radicals and Communists for a fairer electoral law. De Gaulle sent out word to Jouhaux that a government law of March 21, 1884 forbids the participation of the labor unions in political elections. This law was passed by a reactionary parliament under the mistaken impression that labor participation in politics would be a menace to the vested interests and to "law and order." It has long since fallen into disuse and in bringing up that law General de Gaul had his tongue in his cheek. However, he managed to bring home to the hapless Jouhaux how low his fortune had fallen. By his own lack of stamina he has let himself drift with the tide. He has seen the revolutionary program of the CGT emasculated until it became a purely reformist labor union, and now finds that the government is powerful enough to bar it (however temporarily) from political action. For all practical purposes the CGT has ceased to exist as a labor union and has become a mere tool, an ineffective one at that, in the hands of the communist party. And what have the Socialists gained? They are the ones who originally pushed the CGT toward reformism and politics. They, too, now find themselves in opposition to the CGT along with those of its rank and

file members who have remained faithful to the Anarcho-Syndicalist principles of the original Charter.

The illegal decisions of the National Confederate Committee of the CGT have had a profound repercussion among the rank and file of the workers as well as within the member unions. The General Secretary of the Postal Union, for instance, has raised a most vigorous protest at the conventin of that union now taking place in Limoge. This is only the beginning, however. Even the most intimate friends of Jouhaux admit that he has literally committed suicide by remaining in the Confederate Committee. The question whether it would not be better to set up a new CGT truly devoted to the interests of labor is now acute. It is quite clear that the Syndicalists have nothing further to gain by remaining within the CGT. Either the rank and file will take matters into its own hands at once and get rid of the Communist dominated Executive or the CGT is bound to split up into a number of rival unions. As always the communists have split the ranks of labor in the name of unity and, as in the past, are again preparing the ground for fascism.

Meanwhile, various strikes demanding higher pay have broken out among municipal workers who are demanding higher wages. Many railwaymen are also on strike. The police in Paris is threatening to come out while civil servants generally demand an adjustment of their salaries.

All these strikes are being ignored by the CGT, being too busy with politics to bother about the interests of labor.

The French labor movement is at the cross-roads, the future of the working-class of France, and indeed of all Europe is at stake.

—PIERRE BESNARD

Letter From Holland

Anthón Bakels is a Hollander who managed a Dutch publishing concern in Germany before and after the Nazi seizure of power. Until the German invasion of Holland Dutchmen enjoyed special consideration by the Nazis. Bakels used his favored position to help many victims to escape from the Reich.

... We had a terrible time the last winter of the occupation. We came through unscathed, but nowadays we often ask ourselves whether it was a dream or reality. The Nazi terror started especially in a very cruel way after September, 1944. The Dutch government in London appealed for a general railway strike and the very same day without exception, every railway man laid down his work, from the general manager and the highest engineer, to the check taker and the lamp boy. And then all these strikers had to be hidden. This was an example of an unorganized and spontaneous totally idealistic strike, such as we only dreamed of in a revolutionary period. Terror and public executions could not stop this strike, and both were there in a horrible and abject way. There were no volunteers to do the work, there was only one great solidarity. The Nazis tried to beat us, they stopped every food transport and a bitter hard winter started. No food, no coal, no gas, no electricity. And the raids! Every man from 16 to 40 years old had to be hidden. We had, of course, our illegal organizations which supplied everybody with falsified identity cards, with ration cards, with money. But we could not supply people with food and wood for cooking. And so we had to fight several enemies, as hunger, cold, terror, and the demoralization of the weaker social parts of our population. Prices increased. Butter f.130—a kilo; a loaf of bread f.50—potatoes f. 600—for 70 kilos; industrial oil for the lamp, 50 guilders a liter. But don't think all these things were to be bought easily. If you had all the money in the world,—mostly one could not buy butter or bread for it. We had to go to the country and to get it from the peasants. But that was rather

difficult, as the Nazis tried to seize it. Here in Western Holland we were condemned to death, especially as punishment for the strike, but nobody wavered in his conviction and nobody criticized the strike, which was perhaps premature or precipitate. It belonged to the struggle for liberation and freedom.

We had two other strikes in Holland. The first happened in February, 1941, in Amsterdam. At that time 700 young Jewish boys were ordered deported to Germany. Amsterdam's people did not accept this deportaiton and declared a general strike. This strike was unorganized, spontaneous, and not officially declared as in September, 1944. The laborers went away from the factories, the postmen went home, the tram people stopped their work, the dockers went out of the harbor and during two days—during a German occupation—nobody worked in Amsterdam. I'll never forget these days. Of course, Nazi terror beat down this strike and several strikers were arrested and executed.

The second general strike in Holland took place in May, 1942. There was a declaration by the Germans that all the members of the former Dutch army were to be sent to Germany as prisoners of war. The answer was a general strike everywhere in Holland. No factory, no mine, nobody worked. It included the entire population. It lasted several days, but the Nazis knew how to handle such things. Every striker who would not go to his work was condemned to death. About 2,000 men were shot publicly. They belonged to all classes, and all were brave. A friend of mine saw the execution at the Philips works. There was an old laborer who said, "You've got me now, but we will get you too." Another one who was shot cried out, "Long live freedom!" Another, "Cheers for the revolution!" A young officer cried, "Long live the Queen!" There was no political distinction, no classes. There was only one resistance and hatred for the oppressors. But the most terrible terror quelled every revolt and so we learned to work underground and illegally.

There was almost no sectarian political propaganda. Socialists worked together with Catholics and Protestant patriots. Only in the last six months the Communists, who were very active and lost a great many members (shot by the Nazis), came to the front and propagated their social ideas. This, of course, on account of the great successes of the Russians. It is funny how they [the communists] took to supporting monarchism.

To-day the political situation in Holland is different. We have a cabinet with four Social-Democrat ministers and the rest are Democrats. The press is still unimportant, owing to the shortage of paper. . . . After five years of Nazi occupation . . . we have to begin anew our propaganda for our real humanistic conception of Socialism.

—ANTHÓN BAKELS

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