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THE FACE OF US IMPERIALISM

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AITUC PUBLICATION

INFORMATION BOOKLETS OF THE SERIES

LEADERSHIP AGAINST
MONOPOLY COMPANIES

ANTI-TRUSTISM

✓ THE STATE OF INDIAN MONOPOLY

✓ THE CONGRESS AND JAPANESE
CLASS

⊗ THE WAGES AND EMPLOYMENT IN INDIA

✓ INVESTMENT AND PRODUCTION IN INDIAN
INDUSTRY

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Foreword

What is America? And how is life there?

It is the richest country in the capitalist world. It has the highest production of motor-cars. It can land man on the moon. Its industry is automation-mad. And its culture?

But are there unemployed people, unhappy people? Are there strikes? Is their housing problem solved? Why do prices rise despite such big production?

Why has the mighty US dollar, which wanted to dominate the whole world fallen from its dictatorial heights?

Why does their democracy deny rights to the coloured and the negro people or even to their own white poor? Why does fear haunt them, as even the NEWSWEEK reports?

The question is:

Can the development of highest norms of production and productivity, the growth of technology and national income and with no 'population explosion' to bother about, by themselves lead to the eradication of inflation and rising prices and to the improvement of the life of the toiling masses and the people as a whole? Can this take place under conditions of state monopoly capitalism, which grows and rules on the basis of the law of maximum profits?

What lessons can the rich USA give in this respect?

Such and many other questions are asked about life and living in the USA itself, apart from what its ruling class does to other countries, like Vietnam etc.

This booklet comprised of articles and extracts from various sources gives concrete and factual material on some of the aspects of the questions raised.

The booklet does not propose to deal with the main political questions involved. It is only an aid to study.

This is the third booklet in the series, we are publishing on the occasion of the Asian Seminar of Trade Unions, sponsored by the AITUC in 1971.

AITUC

November 1971

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The Monopoly Offensive

VICTOR PERLO

NEVER before has monopoly grown so rapidly in the United States as during the present decade. This is true in all of the aspects developed by Lenin in his study of imperialism:

- concentration of production in fewer and larger corporations;
- centralisation of control of these corporations in few banks and their billionaire owner-families;
- extension and consolidation of US-based global industrial financial empires;
- merging and commingling of the financial oligarchy with the state apparatus and proliferation of phenomena of state monopoly capitalism;
- militarisation of the economy and dominance of reactionary political tendencies.

Mergers

The biggest merger boom in history is bringing about a record pace of concentration of capital.¹ The number of larger industrial mergers increased from 54 in the five year period 1949-1953 to 646 in the last five years. The assets acquired through larger mergers jumped from 1.4 billion dollars in the earlier period to 31.6 billion in the later period.

The acceleration of merger activity has been particularly marked in the past three years, when the scope of mergers exceeded that of the 20 years following World War II. Previous peaks of US merger activity—at the turn of the century and during the 1920s—have been surpassed several times over. And this on top of a sustained merger movement lasting two decades.

¹ Marx used the term centralisation of capital when discussing accumulation through the destruction of weaker capitals and their take-over by stronger, but this distinction is not common.

Table 1

Manufacturing and Mining Mergers, US
1949-1968

Five-Year Periods	Total Number	Large Mergers	
		Number	Assets (million dollars)
1949-1953	1,163	54	1,447
1954-1958	2,917	249	8,416
1959-1963	4,347	325	10,882
1964-1968	7,008	646	31,622
Single years			
1966	995	101	4,078
1967	1,496	169	8,246
1968	2,655	192	12,600

Source: *Federal Trade Commission*

The pace of concentration is illustrated by this dramatic comparison: in 1948, the 200 largest manufacturing corporations held 48 per cent of all manufacturing assets. But in 1967 the 100 largest manufacturing corporations held 48 per cent of the assets. Half as many corporations held the same degree of dominance.

The statistics in Table 1 refer to manufacturing and mining. Similar processes have taken place in other spheres, most notably finance.

Conglomerates

Historically, mergers usually combined more or less related companies. Two or more makers of autos would join. A steel company would acquire iron mines and finishing plants. These "horizontal" and "vertical" mergers have largely been replaced with "conglomerate" mergers, joining companies with little or no relationship. During the last decade the proportion of conglomerate mergers has increased, reaching 90 per cent of all merged assets in 1968. Earlier, many of the conglomerate acquisitions involved a remote relationship, but recently most of them have been "pure" conglomerates, with no structural relationship whatsoever.

Industrial empire builders strike out to gobble up other corporations of any and every functional variety. Consider Litton Industries, one of the most famous and largest of the new conglomerates. Its sales increased from \$250 million in 1961 to about \$2 billion in fiscal 1969, almost all from the continuous acquisition of additional companies. In 17 months alone, from August 1966 through December 1967, Litton Industries acquired fifteen companies, including a business form manufacturer in Michigan, a typewriter manufacturer in England, an electrical equipment manufacturer in Illinois, a conveyor manufacturer in Los Angeles, a business equipment trust in Australia, a big food corporation centred in Cleveland, a tool manufacturer in Pennsylvania, a major engineering company, a book manufacturer in New York, etc.

It takes over almost any kind of business, small or large, domestic or foreign. As of mid-1967, it boasted of more than 1,900 facilities, with major installations in 25 countries and in most of the United States.

Litton holds the master contract for organising US investments in the regime of the fascist colonels of Greece, and is exploring a similar deal in Portugal. It operates so-called training institutions for American youth for the US Government, ostensibly to fight poverty but mainly to recruit for the armed forces.

The base of Litton Industries, like that of most conglomerates, is munitions manufacture. That is where it started and through many new acquisitions added to its potential armament business. Even now, despite acquisitions of many large civilian-oriented corporations, one third of its business continues to be for the military.

Profits from munitions contracts provided the 'seed capital' from which to engage on a course of acquisition. Expectation of super-profits from armaments orders made it possible to multiply the price of Litton stock. Reckless stock jobbing and financial promotion did the rest. Fundamentally companies are bought up with pieces of paper capitalising expectations of future profit—often fantastically beyond reason.

A brokerage house official described the modern methods of company acquisitions as (1) the bootstrap, (2) the tax carry-back, and (3) the Chinese dollar.

"Bootstrapping", he said, 'is using resources—usually somebody else's—to create for yourself something whose immediate

value is far greater than the price you paid... I think it's how most of the large fortunes in the financial world are made today..." He named Lehman Brothers, Burnham & Co., and other prominent Wall Street houses among the successful bootstrappers.

Through a tax loss carryback, the US Treasury Department provides "a substantial amount of the cost needed to finance acquisition."

A "Chinese dollar" is a stock "markedly overpriced based on the standards a rational control buyer would use if he were buying a business." But the stock can be sold because of inflated stock market prices.²

Naturally there are many victims, especially among the small would-be "people's capitalists" who are induced to put their money into overpriced stocks issued to pay for the acquisition of corporations.

Also, sometimes the promoters themselves take a drubbing. Louis Wolfson, an aggressive conglomerate builder, suffered defeat, and his empire collapsed. Thereupon he was transformed from a model of capitalist virtue into a law breaker and put into prison for some of his stock frauds. And down with him went a Supreme Court Justice, Abe Fortas, who tried to save him from a fancy fee.

Actually, many old corporate giants have evolved into conglomerates through varied acquisitions over the decades. General Electric now has ten major product groups, with sales divided more or less evenly between military goods, capital goods, industrial supplies and consumer goods. Union Carbide also has ten major groups, including such disparate segments as chemical products, consumer products, electronic products, food products, metals and minerals.

Yet there is a qualitative change in the speed with which the new conglomerates are put together, the total lack of any unifying operational or product theme, the flagrant treatment of each operative unit as a pawn to be traded back and forth in the game of financial juggling.

A persistent theme of bourgeois propaganda is the supposed dispersal of the financial oligarchy, the supposed separation of

² Martin J. Whitman, vice-president Blair & Co., speech before N.Y. Society of Security Analysts, Jan. 24, 1968.

financial and industrial capital. The new war-oriented conglomerates are presented as new and independent groupings, refuting Lenin's thesis of finance capitalist groupings, as proof that centrifugal forces rather than monopoly concentration, dominate economic trends.

The financial oligarchy and the military-industrial complex

In fact, the entire merger movement, including the new conglomerates, has greatly strengthened the centralisation of economic power in the hands of the historically established financial groups. The military-industrial complex is, more than ever, under control of the same financial oligarchy which has dominated US imperialism throughout history.

Without access to large lines of bank credit, without long-term loans from banks and insurance companies, the financial shenanigans through which corporations are gathered would be impossible. The debts of Litton Industries reached \$474 million on 31 January 1969, up from \$275 million a year earlier and from a mere \$14 million in mid-1964, before the Vietnam War escalation and the period of most rapid expansion of Litton Industries.

The growth of Ling-Temco-Vought is even more spectacular. Its sales multiplied from \$48 million in 1959 to \$2,770 million in 1968. Its business is still mainly military.

Its debts reached the colossal sum of \$1,651 million at the end of 1968. Stockholders' equity amounted to \$176 million, or one ninth as much as the debt. Last year the debts multiplied fourfold, while the stockholders' equity decreased.

In short, this huge conglomerate operates on a financial shoe-string. Holding the business end of this string are the big banks which finance it—the giant Bank of America (San Francisco) and Wall Street banks.

A brash Texas tycoon is the operator out in front. But control is where the money comes from. The State Street Bank and Trust Co. of Boston holds 9.8 per cent of the common stock and Morgan Guaranty Trust of New York 5.6 per cent of the preferred stock. The Boston bank has traditionally worked within the Morgan financial sphere. Holdings of other banks and insurance companies are not available.

The same banks are major shareholders in Litton Industries: State Street Bank and Trust Co. has 9.2 per cent of the com-

mon stock, and Morgan Guaranty Trust 6.2 per cent of the preferred stock.

In the case of TRW Inc., an armament-oriented combine based in Cleveland, these same two banks and the Mellon National Bank of Pittsburg, among them hold 16.1 per cent of the common stock, while the Fidelity Bank of Philadelphia holds 12.8 per cent and the First National City Bank of New York 6.2 per cent of different issues of preferred stock. Chase Manhattan holds 8.9 per cent of the common stock of Texas Instruments, one of the big three producers of electronic components.

Similar relationships exist between the giant banks and the older munitions combines. Chase Manhattan has 8.7 per cent of the Boeing stock, while First National City and Morgan Guaranty Trust have directors on its board. Bankers Trust has 6.2 per cent of the General Dynamics stock, while Morgan Guaranty Trust, Chemical Bank New York Trust, and Girard Trust of Philadelphia all have interlocking directors with it. And so on.

General expansion of the main financial groups

The militarisation of the economy and the rapid concentration of capital has provided major leverage for the financial oligarchy to extend its grip on the entire national economy.

Important light on this was shed by the report of the House Committee on Banking and Currency, "Commercial Banks and Their Trust Activities: Emerging Influence on the American Economy". The Committee's Chairman is Rep. Wright Patman of Texas, veteran anti-monopoly crusader of the old type.

This report provided the first systematic data in 30 years on the ownership of control blocks of shares in large US corporations. However, it was limited to holdings of 5 per cent or more by the trust departments of large banks. This omits situations where the control block consists of a holding of less than 5 per cent or a group of allied holdings, each less than 5 per cent, or a group of holdings of banks, insurance companies and individuals. Despite this shortcoming, the report makes a significant contribution.

The introduction noted that from 1900 to the mid-1950s "the assets of financial institutions increased 40 times, as compared with 18 times for non-financial corporations. Therefore, the relative position of financial institutions... has increased markedly during the last 60 years" (p. 17).

The big banks and other financial institutions account for 85 per cent of debt financing and, through their trust departments, a major and rapidly increasing proportion of equity financing. They also dominate the securities market. Several hundred large banks and insurance companies account for one-half of all stocks traded.

The most decisive control element is the \$253 billion of assets in 1967 of the trust departments of banks, consisting mainly of the control blocks of corporation stocks. This sum is more than four times the assets estimated fifteen years earlier. Most of the increase has gone into stocks, which by 1967 amounted to \$163 billion of the total trust department holdings. This amounted to one fifth of all outstanding stock in US corporations, and more than one fourth of the value of stock listed in the New York Stock Exchange.

Acting jointly, then, the big banks could control the affairs of corporate America. Ability to combine forces is made easier by the enormous concentration of trust department assets.

Just 10 top banks, each with over \$5 billion of trust assets, hold \$92 billion, or 36.8 per cent of the total. The 20 top banks hold \$129 billion or 51.5 per cent of the total. These 20 banks, which essentially control the US economy, are shown with their trust assets in Table 2.

The first five banks listed are the core of the Wall Street establishment, owned by the Morgans and Rockefellers and associated billionaire and centimillionaire families. These are followed by three other banks operating within the Wall Street framework—the Hanover Bank of New York and the banks of the Mellons and Duponts (Delaware). There follow the top banks of the Chicago group, largest of the regional centres of finance capital. The second ten constitute lesser banks of the Wall Street and Chicago groups, leading banks of other regional groups in Cleveland, San Francisco and Boston, and major banks of Detroit and Philadelphia, largely satellites of the Wall Street institutions.

It is instructive to note the relative stability of the locus of control of the US economy, despite all of the publicity accruing to Texas and California oil and munitions tycoons. There are no essential changes in the list of leading banks over the past fifteen years.

Fundamentally, the holdings of the trust departments are concentrated stockholdings of the super-rich families which con-

Table 2

Leading Trust Departments of Banks 1967

Bank	Trust Assets Billions of Dollars
1. Morgan Guaranty Trust, NY	16.8
2. Chase Manhattan Bank, NY	13.6
3. Bankers Trust, NY	11.1
4. First National City Bank, NY	10.9
5. United States Trust, NY	8.4
6. Mellon National Bank & Trust, Pittsburgh	7.6
7. Manufacturers Hanover Trust, NY	7.3
8. Wilmington Trust, Delaware	5.6
9. First National Bank of Chicago	5.4
10. Continental Illinois Natl. Bank & Trust, Chicago	5.1
11. Chemical Bank New York Trust, NY	4.6
12. Northern Trust, Chicago	4.5
13. Old Colony Trust, Boston	4.2
14. Harris Trust & Savings Bank, Chicago	3.9
15. Bank of America NTSA, San Francisco	3.7
16. Cleveland Trust	3.6
17. National Bank of Detroit	3.4
18. Bank of New York	3.3
19. Girard Trust Bank, Philadelphia	2.9
20. First Pennsylvania Banking & Trust, Philadelphia	2.7

Source: *Commercial Banks and Their Trust Activities*, Vol. 1, Table 4, p. 35.

trol the big banks, and of their friends and associates. This has been reinforced over the past two decades by the rapid growth of pension funds controlled by the banks. Generally set up under union contracts, these have grown very rapidly, and amounted to \$72.9 billion by 1967. Thus the funds set aside supposedly to protect the workers in their old age have become a decisive means of strengthening the grip of the financial oligarchy on the US economy. While workers obtain benefits from these funds, which were won by the workers' struggles, it was the weakness of union leadership which put them under the control of the giant banks.

Interlocking ownership facilitates the collaboration of the big banks in exercising control over industrial corporations. Banks and other financial companies own directly or through trust departments 27.4 per cent of the shares of 225 large corporations. The report dramatises the interlocking ownership of the six largest Wall Street banks. In most cases, the largest single block was held by the bank's own trust department, but impressive amounts were held by trust departments of other Wall Street banks.

Internationalisation of the US financial oligarchy

The rapid expansion of US foreign investments, the emergence of multinational industrial corporations based in the United States, are well known. US direct private foreign investments reached \$59 billion in 1967, a fivefold increase since 1950. The actual far exceeds these official figures, surpassing \$100 billion. With a 10 per cent annual growth rate, these foreign holdings outstrip domestic growth by a wide margin. They produce over \$100 billion of goods annually, three times the value of exports from the US. Amongst the very largest corporations, foreign properties account for one third of all profits.

All this is buttressed by infrastructure, roads and utilities, financed by international banks of the imperialist powers. The whole process has made US imperialism an international plunderer of peoples unparalleled in history.

Until recently, US foreign banking expansion lagged behind industrial investments. But in the last few years the giant banks have been especially active in remedying that lag. They have exported the financial-industrial groupings, so to speak, roughly duplicating the domestic patterns on the scale of the whole capitalist world. Total assets of US banks abroad increased from \$6.9 billion in 1964 to \$15.7 billion in 1967 and are estimated at \$22 billion in 1968—an increase of nearly 50 per cent in a single year. However, the \$22 billion of foreign assets understates by far the foreign holdings of the big US banks. Nine large New York banks hold 75 per cent of these foreign assets. The very same Wall Street financial centres which hold the key control blocks of major US corporations overshadow even more completely the foreign activities of American big business.

The most important expansion in recent years has been

through buying up control blocks in leading banks of the capitalist world

The Chase Manhattan Bank, for example, in addition to its direct foreign branches, now has control or big influence over a dozen main 'associated banks', often the leading banks in a given country or continental area. Most important is the Standard Bank Ltd, of London, which, with Barclays Bank, dominates the banking system of Africa south of the Sahara. Other associated banks are in Argentina, Honduras, Peru, Colombia, Brazil, Venezuela, Belgium, Ireland, Netherlands, Austria and Dubai (one of the oil principalities of the Arabian peninsula)

Finally, wherever US imperialism operates major military bases or carries on wars of intervention, Chase Manhattan runs special military banking facilities.

Altogether, directly, through associated banks and military facilities, Chase Manhattan operates well over 1,600 offices outside the United States.

Similar networks have been set up, if on a somewhat smaller scale, by First National City, Morgan Guaranty and Bank of America.

With the phenomenal expansion of recent years, American banks have gone beyond their traditional overseas function of servicing foreign operations of US industrial corporations. They are now also penetrating the entire financial systems of other capitalist countries and areas. They have become the main sources of Eurodollars—US dollars on deposit in foreign banks. Through the use of the Eurodollar loans, the American banks are striving firmly to establish a world dollar standard, driving gold out as a rival means of international settlement.

The object is to give US imperialism complete financial control over the entire capitalist world, with power to force other capitalist countries to finance all overseas acquisitions and military activities of US imperialism through the acceptance of paper dollars created by the US government and private banks.

Social consequences of new stage in monopolisation of economy

The further monopolisation of the economy strengthens the position of capital against labour. Considering the variety of enterprises within a single conglomerate corporate shell, it is

exceptionally difficult to unite all of the workers, or even a substantial proportion of them for joint battle against the employer.

Two years ago the workers of nine plants of the metals division of Union Carbide engaged in a long, bitter strike. Among their principal demands was that the company bargain simultaneously with the workers of just these nine plants. Able to get along with profits from the remaining nine major groups, Union Carbide finally defeated the workers.

Accelerated concentration of capital, combined with ramified state monopoly capitalist operations, has increased the ability of the monopolies to plunder the population through price gouging. This has been accentuated by Vietnam War conditions. In comparison with the base period 1957-59, the consumer price index averaged 121.2 in 1968, while the wholesale price index reached only 108.7. Within the total of wholesale prices, crude materials averaged only 101.1, while finished goods reached 111.3.

Thus, the spread between costs of supplies and final prices of goods and services sold to the working people increased markedly, contributing to the surge of profits of the monopolies. Similarly, the plundering of developing countries through price scissors was accentuated. The index of export prices reached 112, while the index of import prices reached only 104.

The rising military budget has meant a rapid increase in taxation, from 13 per cent of the national income in 1929 to 37 per cent of the national income in 1967. Monopolies, more in control than ever, have shifted the burden of taxes drastically on to the backs of workers. In 1941, capitalists paid 55 per cent of all Federal taxes, workers 45 per cent. But in 1970 capitalists will pay only 32 per cent, workers 68 per cent. The amount of taxes shifted to workers in that year alone will amount to \$45 billion.

One of the most serious consequences of this stage of monopolisation is the tendency towards militarisation of the country's life.

Of course, there is nothing new in the tendency towards war and militarism of the financial oligarchy. But today, as never before, their profits are dependent on war industries, the plundering of foreign countries and the mutual support of these two profit sources.

The vast armaments industry supplies the muscle with which to establish investment positions. The foreign properties

supply an increasing proportion of the strategic materials needed for the armaments industry and supplies for the armed forces engaged abroad.

Features of militarisation of the country's life include:

- * A record size of the armed forces, except for brief periods during World Wars.
- * A record military budget, and devotion of research and scientific talent to the military.
- * A permanent peacetime draft, operated on a class basis to force the working class to fight for the monopolies.
- * Militarisation of the universities, and establishment of militarised sections of civilian industries.
- * Record interpenetration of the military and corporate set-ups.
- * Widened use of the armed forces and police forces in massive suppression of the domestic population, with the use of military weapons and tactics. Preparation for regular internal warfare against the population.
- * Large-scale, continuous paramilitary operations designed to make and break governments, suppress popular movements globally.
- * Increasing number and scale of armed interventions in other countries. Development of a "three-war" military doctrine—build up to prepare for carrying out simultaneously two major wars and one "brush-fire" war.
- * With all this, expansion of the arms race with the view to an ultimate thermonuclear "showdown" with the socialist world.

A sharpening of racialism and national chauvinism is another social consequence of these trends. The monopolies get much of their extra profits from the ever-increasing employment of subject peoples in factories, mines and military bases at a tiny fraction of the US standard of wages. Most of these peoples have darker skins than the white ruling circles of the United States. Racist attitudes are inculcated in the armed forces, among the foremen and supervisors of the imperialists to incite them to discrimination and suppression, mass murder and rape.

In the United States, as more cannon fodder is needed for the armed forces, the monopolies increasingly draft black and

Spanish-speaking people for the front lines and labour brigades. They have to hire more and more of the minority peoples for work in industry, as white workers move over to the best paying jobs in war industry.

To preserve wage differentials, and to split the working class, racialism against the black and Spanish-speaking peoples is encouraged within United States.

The resistance

As monopoly has become more brazen, its true character has become clearer to broader masses of the American people. Millions have come to see that the big business tycoons, the war makers, and the government officials are from one and the same group—an Establishment which plunders and endangers the people, drags the nation's honour in the mud with its shameful aggression and racialism, destroys all of the "traditional" values of bourgeois democracy.

People see Rockefellers in the multiple connected roles of the ruling oligarchy—as governors of two states, as presidential gauleiter for Latin America, as chairman of the top international bank of Wall Street, as profiteers from the slave state of South Africa, as racist employers in the domestic oil industry, as consistent supporters of the Vietnam War and US aggression and militarism in general.

Millions of people are coming to a new level of anti-monopoly understanding, one which begins to comprehend the global quality of modern imperialism.

And out of this there is arising a wholly new resistance.

Over a million and a half American students have participated in demonstrations and other struggles against the Establishment, especially against militarism and racialism and corruption of the universities.

Countless millions of the black and Spanish-speaking peoples have participated in struggles for liberation and equality, and increasingly see their kinship with peoples resisting US imperialism abroad.

A new militancy and activity is evident in the working class, fighting the monopolies for protection of elementary economic interests, health and safety provisions. Simultaneously, there are indications that major sections of the unions are breaking with the Meany-Lovestone agents of US imperialism. The

Alliance for Labour Action, including the two largest unions (auto and teamsters) and some other contingents, is moving towards opposition to the wars and militarisation of the economy, to seeking alliance with students and black people, to fighting the monopolies on the most difficult fronts of domestic struggle, in the open-shop South and on the national economic issues in Washington.

For years the financial oligarchy attempted to ward off such resistance with social demagogy, successive programmes for “new”, “fair”, and even “great” societies, for “wars” on poverty, slums, discrimination, unemployment. But demagogy is no longer enough. The scale of struggle today requires concrete action.

So the ruling class has turned to the mailed fist. In every area repression is the order of the day—first and foremost against the black people and the students, but increasingly against the workers also.

Nixon, the inveterate anti-Communist fanatic, the associate of the notorious late Senator Joseph McCarthy, is trying to implant a new regime of a modern inquisition in the United States.

One cannot predict the short-term outcome of this struggle, except for the certainty that it will become much more intense and profound.

But one must reckon with this fact. Internationally also, the US financial oligarchy meets increasing challenges—from the socialist camp, from the national liberation movement, from the peoples of capitalist countries. Also it faces increasing contradictions with imperialist rivals, who are gaining in relative strength and are challenging Wall Street positions in more and more areas.

Certainly, in due course the anti-monopoly forces of the United States will realise an effective alliance with the global foes of US imperialism. Ultimately the American people will break the power of the financial oligarchy, and change the social and political direction of the country.

The Problems of Inflation in the United States

HYMAN LUMER

ON 6 October 1969, the US Department of Labour announced that the rate of unemployment, as officially estimated, had jumped from 3.5 per cent in August to 4.0 per cent in September—an unusually steep increase. Ordinarily such a development would be greeted in government circles with expressions of alarm. But not on this occasion.

In reporting the announcement the *New York Times* (7 October 1969) added: "The development was greeted by Administration officials as a welcome sign that their policies, aimed at ending inflation by slowing the business expansion, were working." Secretary of the Treasury, David M. Kennedy declared that he found a 4 per cent level of unemployment "acceptable" and that the Administration's policy of restoration would continue. When asked how high unemployment would have to rise before it became unacceptable, he had no reply.

Such are the alternatives which the US ruling class offers to American workers: skyrocketing prices or mounting joblessness. But in reality the choice is illusory. What actually confronts the American working class today is *both* rising prices *and* rising unemployment.

Escalation and inflation

Since 1965 prices have been going up at an accelerating pace. From 1960 to 1965, consumer prices rose by an average of 1.3 per cent a year. In 1966 they rose by 3.5 per cent, in 1967 by 4 per cent, in 1968 by nearly 5 per cent, and in the first eight months of 1969 by 6 per cent. The trend in wholesale prices, though more irregular, has been roughly similar.

The main source of this accelerating inflation is the escalation of the war of aggression in Vietnam and the corresponding escalation of military expenditures. From \$49.6 billion in the

fiscal year 1965, direct military outlays have grown to \$81.3 billion in fiscal 1969. During this period, federal budget deficits also escalated, reaching a record level of \$25.2 billion in fiscal 1968. The national debt rose by 14 per cent and interest payments on it by 23 per cent.

Rising prices have been accompanied by rising taxes. The tax cut of 1964, which gave scant relief to working people to begin with, was soon offset by an increase in social security taxes and by the incessant rise of state and local taxes. Capping these increases is the 10 per cent surtax imposed in mid-1968 and still in force, and a new rise in social security taxes in January 1969. Taxes today consume nearly 37 per cent of workers' earnings.

The wage increases won in the past few years, often at the cost of hard struggle, have at best barely sufficed to keep abreast of the inroads made by mounting prices and taxes. As a result, real wages, which had risen throughout the post-World War II period, have ceased to grow since 1965. In that year, net spendable weekly earnings for a worker with three dependents, expressed in 1957-59 prices, were \$78.53. In 1968 they were \$78.81, and in August 1969 they were \$78.77. These are the Official figures. But since the consumer price index tends to underestimate the actual increases in living costs, it is more likely that real wages have actually declined since 1965.

In contrast to this, the big capitalists have fared quite well. From 1965 through the first half of 1969, corporate profits after taxes rose nearly 12 per cent. Since 1960 they have almost doubled, whereas weekly after-tax earnings of workers have increased less than 27 per cent and real earnings less than 10 per cent.

In addition, the top officers and directors of the big corporations, who so bitterly oppose the workers' efforts to catch up with rising prices, have themselves found little difficulty in coping with inflation. The *Wall Street Journal* (17 June 1969) cites the case of General Motors, whose officers and directors received in 1968 some \$17.7 million in salaries, fees, cash bonuses and stock credits. This represented a rise of 19 per cent over 1967, far exceeding the rise in prices.

The war in Vietnam has been no minor conflict. It is already among the longest in which the United States has been involved, and next to World War II it is the most costly. The number of American troops killed in combat surpasses the number of

deaths in the Korean War and is more than 60 per cent of the total in World War I. And it has long been clear that it is a war which cannot be won, that US imperialism has suffered a major defeat. It is a vivid demonstration that the cost of empire has clearly begun to exceed its returns. Monopoly capital continues to reap the returns, but the costs, both in human lives and in dollars are increasingly saddled on the working class. Such is the context of the wave of rising prices during the past few years.

"Mini-recession"

When the escalation of the war began, its immediate effect was to give a powerful stimulus to the economy and to head off a threatening recession. From the fourth quarter of 1964 to the fourth quarter of 1965 the real gross national product rose 6.4 per cent. In 1966 the corresponding increase was 7.3 per cent. Industrial production, which in 1964 had grown by 6.4 per cent, rose 8.4 per cent in 1965 and 9 per cent in 1966. In the steel and automobile industries, output reached all-time record levels.

Capital investment took on a new spurt. Outlays for new plant and equipment jumped 14.6 per cent in 1964, 15.7 per cent in 1965 and 16.6 per cent in 1966. In 1965, for the first time in more than a decade, utilisation of plant capacity exceeded 90 per cent. And in the same year, for the first time since the Korean War, the official estimate of unemployment averaged less than 4 per cent. In short, the economy took on distinct aspects of a wartime boom.

However, by 1966 symptoms of slowdown and decline once again began to appear, and in early 1967 they became much more pronounced. During the first half of the year the real gross national product showed almost no increase. From December 1966 to May 1967 the index of industrial production fell 2.5 per cent. Automobile and steel production decreased markedly. Investment in new plant and equipment levelled off. Utilisation of plant capacity fell to 85 per cent. The economy experienced what various bourgeois observers have termed a "mini-recession."¹

¹ The latter part of the year witnessed a substantial rebound, although the peak levels of 1965 and 1966 were not regained. The chief factor underlying the rebound was the continuing rise in military expenditures.

The 1967 slowdown is particularly noteworthy in that it took place in a period of rapidly rising arms spending and mounting inflation. On the surface this seems paradoxical. However, as we wrote at the time:

"The present situation . . . is neither new or paradoxical. In the words of the First National City Bank's *Monthly News Letter* (October 1966) 'we appear to be having a booming defence economy side by side with a slowing civilian economy'. A similar situation, though not nearly so pronounced, developed during the Korean War . . .

"The roots of this phenomenon lie in the fact that the exacting of a growing war economy are met precisely by curtailing mass purchasing power through inflation and higher taxes. In an all-out war economy, the insatiable demand for war goods temporarily obliterates all else, but in a partial war economy such as the present one the production of civilian goods remains at a high level and symptoms of over-production are not long in making their appearance. The limitations imposed by inflation express themselves also, as in the present instance, in a shortage of credit. The result is, sooner or later, a decline in various areas of civilian production." ("Vietnam and the US Economy", *Political Affairs*, November 1966.)

The "Credit Crunch"

With the escalation of the war the mounting war orders, the boom in capital investment and the immediate upsurge in demand for automobiles and other consumer durables all combined to create a skyrocketing demand for credit. Loans by commercial banks and other lending agencies grew apace. With this the money supply (cash in circulation plus checking accounts) increased at a growing rate. By April 1966 it was rising by 6.2 per cent a year, more than double what was considered to be the normal rate. And interest rates steadily increased.

At the end of 1965 the Federal Reserve, in an effort to stem the inflationary tide of credit expansion, instituted a tight money policy aimed at limiting sharply the availability of lendable funds. The discount rate (the rate of interest paid by member banks on loans from the Federal Reserve) was raised from 4 to 4½ per cent, in turn forcing up interest rates on loans made by the commercial banks, and steps were taken to reduce the reserves available to them as a basis for loans. As a result

the rate of increase of the money supply progressively fell off and by April 1966 a slight decline set in.

But as lendable funds became increasingly scarce, interest rates rose with increasing rapidity and by midyear the scramble for credit became a desperate one. By the end of the year the interest rate on prime commercial loans had reached 6 per cent, a level previously equalled only in 1929. Rates on corporate bonds shot upwards, as did those on home mortgages.

There developed what came to be called a "credit crunch", that is, a state of near-panic in the money markets. Of this, H. Erich Heinemann wrote in the *New York Times* (9 January 1967): "By the end of August, it is now generally agreed, the credit markets were close to panic, which was averted only after President Johnson suspended tax incentives for business investment and had promised a cut in non-defence spending." These developments, together with the hope of an increase in federal income taxes, led to an easing of credit restrictions.

Among the more prominent features of the "credit crunch" was a draining of funds from time and savings deposits in banks, on which interest rates are limited by Federal Reserve regulations, into more lucrative channels. This resulted in a drastic shortage of available funds for home mortgages, leading to a severe slump in housing construction. Private non-farm housing starts fell from an annual rate of 1,746,000 in December 1965 to 910,000 in December 1966. It was only toward the end of 1967 that the levels of 1965 began again to be approached.

Recession as a policy

The war-stimulated inflation has, also added greatly to US problems in the international monetary sphere. It has made US exports less competitive on world markets, while the war-induced boom has increased the need for imports. From \$5.3 billion in 1965, the US merchandise trade surplus has declined to an annual rate of less than \$500 million during the first seven months of 1969. In addition, of the more than \$30 billion a year spent on the Vietnam War, some \$2 billion annually are being spent abroad. These developments have aggravated the chronic balance of payments deficit and the gold drain, and have contributed greatly to weakening of the dollar's status as a world currency.

The devaluation of the British pound in the autumn of 1967

precipitated a severe crisis of the dollar, lasting into the early months of 1968. The crisis has been stemmed; however, the central bankers of other leading capitalist countries, holding large sums in dollars, have demanded as a condition for continuing to hold on to these dollars the elimination of the US balance of payments deficit. And this, in their view, means first of all the reduction of inflation.

It is mainly these pressures which have stimulated the great concern about "fighting inflation" which has arisen in US ruling circles. The Johnson Administration promptly responded to them by launching a programme entailing (a) reduction of federal expenditures for civilian purposes and the achievement of a budget surplus and (b) reduction of private consumption. The primary instrument for attaining these aims was to be the imposition of the 10 per cent federal surtax. By such means the "overheated" economy was to be slowed down, production lessened and unemployment somewhat increased. Thus, it was maintained, the inflationary pressures would be greatly eased.

The government's policy now became one of deliberately holding back economic growth—of promoting elements of recession. Under this policy every upturn has been viewed not as a blessing but as a curse, as is illustrated by the following headline in the *New York Times* of 21 March 1969: "Orders for Durables Rose to a Record in February. New Setback Discerned in Attempt to Retard Economic Activity". And as we have noted, every slowdown in production and every rise in unemployment have been greeted in capitalist and government circles with joy.

This is a policy based on the fallacious concept of the "inflationary spiral", according to which inflation arises from too much purchasing power in the hands of the working class and the cure is to cut down its living standards. The surtax, like all across-the-board tax measures, places an undue burden on the working people, who were already paying a disproportionately high share of the taxes. The increased social security tax bears most heavily on those in the lower income brackets, as do the mounting state and local taxes. At the same time the big corporations continue to enjoy the benefits of accelerated depreciation allowances, the 7 per cent tax reduction on profits used for investment, ever wider loopholes through which to escape taxes, and the ability to avoid paying taxes on much of the growing volume of profits on foreign investments.

It is a policy which deliberately evades the fact that the balance of payments deficits, the rising national debt and the mounting inflation is the cost of maintaining US imperialism's world empire, a cost which has already been thrust, more and more, upon the working people. And now that it is time to pay the bill for the Vietnam war, their burden will be still bigger.

New credit restrictions

Official quarters expected the surtax to slow down business. But the results fell far short of the expected. True, the economic growth rate declined in 1968, with the gross national product increasing a mere 3.9 per cent in the fourth quarter against 7.2 per cent in the second quarter. Growth of industrial production in the latter half of the year also declined. But this was due almost entirely to the lesser growth of government expenditure. Private expenditure increased, especially investments in machinery and equipment, whose expansion continued at a forced pace although use of production capacity dropped to 83.4 per cent in the last three months. Furthermore the number of housing starts grew visibly, as did retail trade.

With purchasing capacity shrinking due to increased taxation, the greater private demand was sustained by decline in savings and by greater borrowing. The savings rate dropped from 7.3 per cent of the net income in the first six months of 1968 to 6.6 per cent in the last six months, while consumer credits increased twice as fast in the latter half of the year. Obviously, expanded consumption could not go on indefinitely. Yet the fact remains that at the end of the year, far from decreasing, production in the key industries continued to rise despite government efforts to the contrary.

This was when the Federal Reserve stepped in. With the repeal of the monetary restrictions of 1967, interest rates dropped against the 1966 figure. But when the "mini-recession" subsided, they went up again. By December 1968 they had reached a new high due to the precipitously increased credit demand. A tight credit policy was re-introduced. The discount rate, reduced in August from 5.5 to 5.25 per cent, was raised to 5.5 per cent, and once more in April 1966 to 6 per cent. Furthermore, the obligatory reserve support of deposits in Federal Reserve banks was raised 0.5 per cent, which was a more determined measure to reduce lendable funds.

This and similar steps pushed up the interest rate. By June 1969 the interest rate on prime commercial loans climbed to 8.5 per-cent. The treasury was compelled to offer new bond issues at 8 per cent annual interest. Interest on papers of leading corporations hit 8.5 per cent, that on mortgages 9-10 per cent, while on consumer credits it soared to 15-20 per cent.

Those were unheard of figures, surpassing interest charged in the past. Meanwhile, the increase in money supply was sharply reduced. In sum, this created a situation marked by a new "credit crunch". If a state close to panic was avoided, then only because commercial banks were able by manoeuvres and dodges to find additional lendable funds, though at a high interest.

Threat of recession

What were the results of this co-ordinated taxation and credit policy aimed at reducing economic growth? Though slowly, its impact increased.

The effects were least felt in investment. Corporation demand for loans continued to rise steeply at the beginning of 1969 despite the higher rate of interest. And it remained high in the succeeding period due to the new boom in spending for new plant and equipment. Despite the fact that utilisation of capacity had fallen to 83 per cent, such outlays continued to rise at a growing pace, and according to a government survey in February they were expected to rise nearly 14 per cent in 1969. Motivating this expansion were a variety of factors ranging from the continuing rapid advance of technology to the pressure created by inflation to buy now before prices go up.

More recently, however, the pace has slowed down somewhat and the estimated rise has been scaled down to 10.5 per cent. But this is still a high rate; moreover, estimates for 1970 predict a further increase ranging from 5 to 9 per cent.

At the same time the rate of economic growth has greatly slowed down, the rise in the real gross national product falling to 1.6 per cent in the third quarter of 1969. And in August and September, for the first time in a year, industrial production showed a decline. These developments, coupled with falling utilisation of plant capacity and the likelihood of repeal of the 7 per cent tax credit on investment, may well serve to re-

duce spending on new plant and equipment considerably below the presently anticipated levels.

Housing construction increased at the beginning of 1969 but since then it has fallen steeply under the pressure of record interest rates and scarcity of funds, despite an increasingly acute shortage of housing. From January to August, private non-farm housing starts fell by about 29 per cent. In addition, new industrial construction dropped by some 12 per cent.

Consumer buying has lagged throughout, reflecting the squeeze on the purchasing power of the masses of working people. Since mid-1968 retail sales have risen only slightly and their real volume has declined. Automobile sales have lagged behind 1968 and in the first seven months of 1969 production was 9 per cent below the corresponding period in 1968. For the latter part of the year, production schedules called for a cut of 8 per cent from last year's volume.

Particularly noteworthy is the rise in the rate of unemployment. This had been slowly inching upward, going from 3.3 per cent in January to 3.5 per cent in August. The jump to 4 per cent in September was indicative of a qualitative change in the picture. Among other things it reflected a growing departure, under the pressure of the mounting economic slowdown, from the previously widespread practice of hoarding labour. The indications are that unemployment will continue to rise substantially in the coming months, and there are numerous predictions that it may reach 5 per cent by next spring.

This will strike with special severity at the black workers, among whom joblessness has already been rising disproportionately. Thus, a Labour Department survey of poverty neighbourhoods in 100 cities showed an overall unemployment rate of 5.7 per cent in the second quarter of 1969, the same as in 1968. However, during the year the rate for black workers increased from 7.3 to 8 per cent, while that for whites fell from 4.6 to 4 per cent. Similarly, the monthly unemployment reports showed that among white teenage youth the rate dropped from 10.1 per cent in June 1968 to 9.5 per cent in June 1969, while for black teenagers it rose from 22 to 28.6 per cent—well over one in four.

The slowdown has also found expression in a substantial stock market decline. From mid-May to early October stock prices, as measured by the Dow-Jones industrial average, fell by some 17 per cent. At the time of the massive peace actions

in mid-October a rebound occurred, sparked chiefly by increased hopes for peace in Vietnam. This has so far been insufficient, however, to offset the overall downtrend to any marked degree.

Finally, the perennial problem of balance of payments deficits is once more very much in the picture. In 1968 the balance of payments showed a surplus of \$220 million, the first in many years. But this was due to special circumstances, particularly to an extraordinary inflow of capital in the fourth quarter. The first and second quarters of 1969 witnessed seasonally adjusted deficits of \$1.8 billion and \$3.8 billion respectively. These are the highest quarterly figures on record. According to the Commerce Department, they are inflated by large circular flows of Eurodollars, to which US banks have increasingly turned as a source of lendable funds.

Though the world monetary situation has eased since the acute dollar crisis two years ago, it has continued to be shaky, as the recent devaluation of the French franc and the more recent revaluing of the West German mark serve to remind us. A resurgence of the dollar crisis, greatly aggravating domestic economic problems, is by no means out of the question.

In sum, conditions resembling those of 1966 have re-emerged—conditions of slowing civilian production side by side with booming military production. There are, however, important differences.

For one thing, inflation is more aggravated and interest rates considerably higher than in 1966. Second, there is today no \$10-13 billion a year rise in military expenditures to provide a way out. On the contrary, military spending has levelled off and has, at least for the moment, even declined somewhat. Third, in contrast to 1966 the erosion of mass purchasing power stemming directly from the war policies is now augmented by a policy of deliberate economic restriction.

Today's situation, therefore, contains the makings not merely of another "mini-recession" but of a full-blown recession in 1970. To be sure, the precise course of events will depend on a number of as yet undetermined factors, prominent among them the trend which capital investment will take. Nevertheless, such a recession must be regarded as a serious possibility.

The likelihood of a recession is enhanced by the fact that the US government is not alone in attempting to restrain economic growth. *Fortune* (15 August 1969) wrote: "In fact, if there can be said to be a world economic policy, that policy

now is to hold back growth. The US, Britain and France are restraining their economies to stem inflation and improve their balance of payments, and caution is the order of the day in several other countries as well." These efforts, the article goes on to say, "are bound to show results before long. They will be maintained as long as inflation remains the major preoccupation of practically all the advanced countries." The ultimate effect could well be a simultaneous downturn in a number of capitalist countries.

An end to inflation?

It is especially significant that the anti-inflation crusade has so far been almost totally unsuccessful in achieving its declared aim: to reduce inflation without precipitating a recession. The outlook projected by the Nixon Administration at the beginning of the year was one of the reducing the rate of economic growth to 3-3.5 per cent by the latter part of the year, with a rise in unemployment to 4 per cent or more and a decline in the rate of price increases to 3 or 3.5 per cent by the year's end. This, it should be noted, is a far cry from a return even to the 1.3 per cent rate which prevailed prior to the escalation. Yet, although the rate of economic growth has dropped to less than 2 per cent a year, consumer prices have continued to go up at an annual rate of 5-6 per cent. Moreover, there is widespread doubt that the rate will be much lower in 1970.

The policy of "trading off unemployment for stable prices" has not worked so far, nor is it likely to work. On this point the economist V. Lewis Bassie writes:

"The trouble is that the restrictions now being imposed can have definite effects on production and employment. But their effects on prices are more remote. Applying them when the most rapid price increases are not caused by a growth in overall demand fails to get at the real problem. Furthermore, neither credit restrictions nor taxes need be important threats to those with the greatest power to set prices; in fact, raising prices may be the way for them to eliminate the need for credit and to sustain profits after taxes. It seems clear, therefore, that the price rise will not automatically end with an increase in unemployment." (*Illinois Business Review*, June 1969.) Bassie concludes: "Instead of price stability and a little more unemployment in fiscal 1970, we may wind up the year with almost

as much inflation and a lot more unemployment.”

First of all, the government policy completely ignores the inflationary impact of the war in Vietnam. There can be no major decline in inflation without ending the war and sharply reducing military budgets. And the first does not necessarily lead to the second. While spending for the people's needs will continue to be cut in the name of “fighting inflation”, military spending is to be maintained at present or higher levels even if the Vietnam war ends. Congressman Jonathan B. Bingham writes:

“For a while it was hoped that, if only the Vietnam war could be ended, enough resources could be made available to ease the strain. But Charles Schultze, former Budget Director, and others have exploited that myth. Proceeding on the assumption that an end to the Vietnam war might produce savings of about \$20 billion annually after two years, these experts point out that within two or three years after that these savings would be more than wiped out by normal increases in the defence budget, including pay increases and spending on weapons systems already approved” (“Can Military Spending Be Controlled?”, *Foreign Affairs*, October 1969.)

The “peace dividend” promised by President Nixon last January if the war should end has turned out to be illusory. “Dreams of unlimited billions of dollars being released once the war in Vietnam ends,” he told a National Governors’ Conference in September, “are just that—dreams.” The money now spent on the Vietnam war, it has been made clear, is already earmarked for other military purposes.

Even in conditions of peace, therefore, the fight against inflation will demand an all-out struggle to cut military spending.

Secondly, there is no assurance that prices will not continue to rise substantially even in the event of a recession. Since World War II, prices have increased in virtually every year, in good times and in bad. The only exception was the 11-month recession of 1948-49, when consumer prices declined by somewhat less than 2 per cent. On the other hand, in the recession of 1957-58, when industrial production fell by 15 per cent, prices climbed by more than 3 per cent a year, a higher rate than that in the preceding boom period of 1954-57.

In fact, since World War II inflation has become a built-in tendency in the economy. It grows basically out of the abandonment of the gold standard and the complete divorcement of the

currency from gold in domestic transactions. The removal of the restraining influence of the gold standard has led to the coupling of successive monopoly price increases with continuing expansion of the money supply, resulting in a progressive depreciation of the currency. This in return is augmented by the inflationary effects of rising military expenditures.

Such an inflationary tendency holds important advantages for the monopolists, who are not at all averse to inflation. It is the prices of their products which rise first. Wage increases follow only some time later, and then only to the degree that workers are successful in their struggles to win them. Inflation serves as a means of nullifying rising wages "painlessly"—that is, without provoking the stormy resistance with which attempts at direct wage cuts would be met. The difficulties arise only when inflation gets out of bounds and leads, among other things, to reduced exports, rising balance of payments deficits and the weakening of the dollar as a world currency.

Correspondingly, the policy of the Nixon Administration is not one of abolishing inflation but only one of reducing it. As Edwin L. Dale Jr., puts it (*New York Times*, 1 June 1969), it is a policy of "disinflation without deflation". Says Dale: "Hardly anyone even dreams any more about actual 'deflation', in the sense of a declining price level. That is as out of date and out of mind as the horse and buggy."

The tight money policy, which today is increasingly held forth as an instrument for combating inflation, is in reality of little effect in this regard. It does not seriously restrict borrowing by the big corporations. Aside from the fact that these have varied sources of funds and are less dependent on borrowing from banks, they also have close ties with the biggest banks. Hence when they do borrow they have the readiest access to loans at the lowest rates of interest available.

On the other hand, for the small business man, the small farmer, the home buyer and the consumer, the tight money policy makes credit more difficult to obtain and much more costly. Indeed, in the guise of fighting inflation, rising interest rates contribute to mounting consumer prices. They do so both directly, in the form of higher interest charges on consumer credit, and indirectly, through the passing on of higher interest costs from the manufacturer to the consumer. Tax increases are similarly passed on to the consumer. Thus the combined poli-

es of tight money and increased taxes contribute in no small measure to rising prices for the masses of working people.

At the other end, these rising consumer prices serve to sustain and even increase the profit margins of the big industrial corporations and utilities. The biggest beneficiaries of soaring interest rates are, of course, the big banks. From 1965 to 1968 their aftertax profits increased by 33 per cent.

The sharpening class struggle

It is already clear that the squeeze on the purchasing power and living standards will go on and will even be stepped up. Taxes will continue to mount. The Nixon Administration has called for continuation of the surtax in 1970 at a 5 per cent rate. State and local taxes continue to rise without interruption. The so-called tax reform measure now in Congress, far from closing the innumerable loopholes through which the rich escape taxes, serves in its net effect rather to provide tax relief for the well-to-do.

At the same time it has been made plain that the restrictive monetary policy is to continue without letup. Along with this the Nixon Administration, to the accompaniment of massive demagoguery, is increasingly cutting non-military expenditures, which means further emasculation of social welfare and public service programmes. Sharp cuts have been made in government construction programmes.

In this situation, and in the face of persistently rising prices, workers are being driven to more and more militant and hard-fought struggles for higher wages and against the growing deterioration of their working conditions. There is also mounting resistance to increasing rent gouging and to reduction of social services, as well as sharpening opposition to the unceasing rise in taxes. There is a rising tide of struggle by the black workers against the racialist discrimination which excludes them from jobs in the construction industries and other fields. Mexican-American and Puerto Rican workers are increasingly rebelling against the poverty and misery which the ruling class imposes on them. And not least, there is a rapidly spreading opposition to the all-devouring war of aggression against the Vietnamese people, which has now been publicly joined by a significant section of the trade union movement.

To these and other struggles the Nixon Administration is res-

ponding with increasing threats of suppression in the name of "law and order". And as the struggle for higher wages and against rising prices and taxes grows in intensity, the Administration can be expected to meet it with growing pressures for new anti-labour legislation.

Inflation, astronomical interest rates, the dollar problem, artificially induced unemployment—these and other woes are symptomatic of the growing instability of the US capitalist economy. As this instability continues to grow, monopoly capital will strive more and more to thrust its burden on the workers. And more and more will their resistance to these efforts increase. More and more will the class struggle sharpen.

The Scientific-Technological Revolution

No boon to US working class

JAMES WEST

VAST vistas of abundance and well-being could be opened for mankind by the scientific-technological revolution. But for the American working class and people generally it has brought an intensification of exploitation and oppression and increased uncertainty as to what the morrow holds.

Subordination of the achievements of science and technology to the pursuit of profit has given the US monopolists a number of transitory advantages; but their basic economic, social and political consequences have served to sharpen the fundamental contradictions of capitalism, brought forward new contradictions and thereby have accelerated the development of the revolutionary process in the very citadel of world imperialism.

Immense sums are required to realise the potential of the technological revolution. Only the wealthiest, strongest corporations can take full advantage of its accomplishments. Even this is not enough; it requires tremendous expenditures by the state itself. Without state monopoly capitalism, the technological revolution could not have attained its present scope in the United States. This becomes evident from the growth of the share of government spending in the gross national product (GNP) and the place held by government spending for research and development since the end of the Second World War.

In 1929, the last year of peace-time prosperity experienced by US capitalism, all government spending accounted for 8% of the GNP. On the eve of US entry into World War II this had doubled. In 1942 it rose to 4½ times the 1929 figure. At no time after the war did the rate and level of government spending

return to the peace-prosperity year of 1929. In 1967, it was 2½ times the 1929 rate, or 20.7% of the GNP.¹

A prime reason for this is the huge increase in government spending for military and cold war purposes. Where in 1939 military spending accounted for 9.7% of all government spending, it exceeded 80% in World War II, dropped to 27.2% in 1950 and by 1967 stood at 41.1%.

Table 1

Gross national product and government spending
(billions in current dollars)

<i>Year</i>	<i>Gross National Product</i>	<i>Total Gov't Spending</i>	<i>Gov't Spending % of GNP</i>	<i>Military spending as % of Gov't Spending</i>
1929	\$104.4	\$ 8.5	8	NA
1939	91.1	13.3	13.8	9.7
1940	100.6	14.1	14	15.6
1941	125.8	24.8	19.7	55.6
1942	159.1	59.7	37.5	83
1950	355.3	52.8	14.3	27.2
1955	438	85.2	19.4	52
1960	487.8	94.9	19.4	45
1965	616.7	114.3	16.8	36.7
1967 (pre-lim.)	669.3	138.7	20.7	41.1

NA—Not available

Government spending for research and development (R & D) surpassed private industry R & D spending as a result of World War II; and quickly multiplied after Sputnik. Where private in-

¹ All figures cited in this article, including the tables, are from data of the US Dept. of Labour and the Dept. of Commerce, unless otherwise stated.

dustry expenditures increased 11½ times between 1941 and 1964, government spending in the same period rocketed 38 times. Where the government spent \$3.70 for every \$5.10 spent by industry in R & D in 1941, by 1964 it spent \$124.35 for every \$58.40 spent by industry.

Table 2

Sources of funds for research and development
(million of dollars)

<i>Year</i>	<i>Government</i>	<i>Industry</i>
1941	\$ 370	\$ 510
1945	1,070	430
1950	1,610	1,180
1955	3,500	2,510
1960	8,770	4,540
1964	12,435	5,840

Thus, the state was the decisive element in financing the scientific and technological revolution of which private industry, and the biggest monopolists, first of all, were the chief beneficiaries.

While it is the government which spends these great sums, it is the working class which pays the bills. In 1941, the working class paid 45% of the federal tax load. In fiscal 1970 (July 1969 to June 1970) the working class is playing 68% of the tax load. Thirty-four per cent of wages and salaries will go to pay taxes of all kinds in fiscal 1970.

With money taken mainly from the working class, the new technology, financed mostly from government supported R & D has accelerated the drive to maximise profits. Between 1939 and 1949, the average annual increase in corporate profits before taxes was \$2,190 million. In the next decade it came to \$2,320 million. Between 1959 and 1965, the average annual increase had shot up to \$3,389.1 million—a more than 73% increase over the 1939-49 rate.

Table 3

Total corporate profits before taxes
(in billions)

1929	\$ 9.9	1959	52.1
1939	7	1961	50.1
1944	24.1	1963	58.6
1949	28.9	1965	75.7
1954	38.3		

The lion's share of these profits go to a few monopolists which have further strengthened their stranglehold on the economy.

In the motor vehicle and parts industry (with 1,655 companies), the four largest corporations accounted for 56% of the value of shipments in 1947, and 79% in 1963. In basic steel (161 companies), the big four held 50% in both years.

In aircraft (82 companies), the top four held 50%; in tires and inner tubes (105 companies) the big four garnered 70%; while in petroleum (266 companies), the four largest monopolies held over one third of the value of shipments in 1963.

The high cost of using the new technology has given new impetus to the merging of corporations into immense concentrations of capital. In the first six months of 1969, no less than 2,815 corporation mergers took place, an increase of 65% over the same period of 1968. The formation of conglomerates and of multi-national corporations has brought with them the export of jobs. Litton Industries, first of the conglomerates, for example, bought out Royal Typewriter Co., shut down its two New England plants, throwing 3,500 workers out of jobs, and announced construction of a plant in Japan which will produce 600,000 Royal Typewriters a year, from which all such typewriters for the United States will be imported.

In a little over 10 years, the International Harvester Company has closed down 8 plants in the US. Recently it served notice it would close its Tractor Works in Chicago, one of its oldest plants (where the fight for the 8-hour day began, out of which May Day was born). More than 10,000 jobs were wiped out. This company, too, has announced opening a new plant in Japan.

The *Wall Street Journal* reported (7-10-69): "Today United States subsidiaries abroad ship home tyres from Peru, autos

from West Germany, radios from Formosa and shoes from Austria.”

The much vaunted “free enterprise” system, which spends fabulous sums to foster the myth that anyone can become a businessman if they but try hard enough, is gathering more and more of the reins of enterprise into fewer hands, ruining tens of thousands of businesses. The technological revolution, whose innovations are beyond the reach of small and medium business, is hastening this process.

In the first half of the sixties, the annual average rate of business failures was 57 per 10,000 concerns, approaching the rate of the later half of the depression thirties, when it was 58 per 10,000 concerns.

Table 4

*Average annual rate of business failures
(per 10,000 concerns)*

<i>Period</i>	<i>Number</i>	<i>Period</i>	<i>Number</i>
1936-40	58	1951-55	35
1941-45	25	1956-60	53
1946-50	21	1961-65	57

An indication of how the technological revolution, operating in conditions of US state monopoly capitalism as the dominant imperialist power, has resulted in a tremendous intensification of the exploitation of labour is gained in comparing the rate of growth of the value added by manufacture in the post-World War II period with the rate of growth in the 90 years preceding the war.

Table 5

*Value added by manufacture—1849-1966—selected years
(000 omitted)*

1849	\$ 463,983	1939	\$ 24,387,304
1869	1,395,119	1947	74,290,475
1889	4,102,301	1949	75,367,000
1899	4,646,981	1954	117,032,006
1909	8,160,075	1958	141,500,000
1919	23,841,624	1959	161,314,000
1929	30,591,435	1966	251,010,000

The astronomical profits and the sharp rise in the value added by manufacture have been gained by a comparatively small rise in the total number of production workers, an even smaller rise in the hours of work, and a 26.8% rise in wages which has been nullified in large part by inflation.

The steel industry is an example of how technological innovation results in more production and higher productivity with less workers. Due to the introduction of the Basic Oxygen Furnace (BOF), wider use of electric furnaces and other technological changes, the number of production workers has been reduced by 31% while production per employee has risen by 24.8% between 1953 and 1969.

A characteristic feature of the use of automation and technological change is its introduction mainly into the first stages of the production process in big plants. Thus, in basic steel, the capacity to produce as much raw steel in one hour as formerly took 6 to 8 hours to produce, is used to speed up the tempo of human labour all down the line throughout the rest of the plant which, on the whole, remains unautomated.

The value added by manufacture per dollar of wages, taken together with output per production worker and the unit labour cost per worker provide a good measure of the intensification of exploitation. While the unit labour cost in all manufacturing increased between 1958 and 1966 by a mere 0.39%, the value added per dollar of wages rose by 12.3% and the output per man-hour rose by some 33%.

Table 6

Indexes of output per man-hour, unit labour costs and value added per dollar of wages (1957-1959=100)

<i>Year</i>	<i>Output per Man-Hour (all employees) manufacturing</i>	<i>Unit Labour Cost (all manufacturing)</i>	<i>Value Added per Dollar of Wages (all manufacturing)</i>
1958	99.1	101.9	\$2,854
1960	103.8	102.9	2,944
1962	112.6	102	3,030
1964	119.7	101	3,132
1966	131.7	102.3	3,206

Out of this intensified exploitation, net profits of corporations rose 94% in the last 9 years, according to I. W. Abel, president of the United Steelworkers Union, while average weekly wages rose 33%, most of which has been cancelled out by inflation and rising taxation, leaving the average worker with a 10% net gain in purchasing power over the last 9 years. However, in the last two years real wages have actually fallen due to increased inflation. In June 1969, the dollar was worth about two thirds less than the 1939 dollar in purchasing power.

The technological revolution, one would think, should make work easier and provide more leisure time. But to make ends meet, more and more workers are forced to work overtime; and 5% of all wage and salary workers in industry held two or more jobs in 1966. For such workers, leisure time and longevity in life are utopias beyond reach under capitalism. On the contrary, they have less time for rest, to spend with the family, and years are taken off their lives not only by lengthened hours but by the killing speed-up as well.

It long ago became impossible for a working class family to live on the wages of one breadwinner. The growing squeeze on worker's income has compelled millions of women and youth to seek work.

Women today make up over 36% of the work force; they comprise 28% of all workers in manufacture; 38.5% in wholesale and retail trade; 50% in finance, insurance and real estate; 52.2% in service industries; and 41.4% in government. Their wages run as much as one third behind those of men workers.

Youth are increasingly compelled to seek work to help out the family or to make it on their own. Today, youth between the ages of 14 and 24 make up about 18% of the labour force. In the auto industry, over 40% are youth up to 30 years of age and the figure is comparable in steel. However, unemployment rates among youth are higher than for the population as a whole, with the rate among Negro youth from 3 to 4 times higher. In large measure this is due to the failure of the educational system to adjust to the requirements of the technological revolution, rendering it ineffective in preparing youth to cope with technological change; and to the racist system of oppression in the case of black and other minority youth.

The cost to the worker of the revolution in technology in the heartland of world imperialism is more intensification of

labour and exploitation, less pay, less time with his family, and more members of the family compelled to seek work.

The cost can also be counted in workers' health, in mental and physical health, in nervous disorders, in the rise of alcoholism.

Between 1958 and 1965, the disabling injury rate in US industry rose 12.2% in manufacturing as a whole.

Table 7

Disabling work injury rates (average number per million-employee-hours worked)

	1958	1965	Per cent change
All Manufacturing	11.4	12.8	12.2
Meat Packing	22.2	35.4	59
Petroleum Refining	6.7	8.6	29.8
Iron, steel foundries	20.9	26.8	28.2
Fabricated Metal	14.55	18.1	24.4
Transportation Equipment	6	6.6	10

Heart disease death rates rose from 510.8 per 100,000 in 1950 to 521.4 in 1966. Mental patients increased from 715,000 in 1950 to 1,248,000 in 1966. The 1966 figure is 121% above that for 1935, a year in the depths of the economic crisis.

At the same time, the cost of hospital daily service charges in 1967 was 8 times higher than in 1940; while all medical care costs taken together rose 2.7 times in the same period.

The deterioration in workers' health and working conditions takes place in a deterioration of the physical surroundings and living conditions. Decay and blight spread unabated in working class neighbourhoods, slums and ghettos; the physical plant of the public schools undergoes continuing rot; while pollution of air and water by industry and the internal combustion engine casts a poisonous pall of growing danger to human life over all industrial centres.

The technological revolution is unaccompanied by any revolution in education, either in contents or methods. The result is an army of 8 million American workers with the reading, writing and counting ability of a 4th grade pupil, or less, accord-

ing to a commercial advertisement of the Olin Company. Thus, 10% of the labour force is functionally illiterate. This is an integral feature of the student revolt against an educational system which is irrelevant to today's world.

The scientific and technological revolution has accelerated a number of shifts in the structure of the labour force and in the relative position of economic regions in the United States, each with important economic, social and political consequences.

New impetus was given the historic transformation of black Americans from an agrarian to a proletarian people by the technological revolution. Begun before the Second World War, and hastened by the war itself, this process has turned the overwhelming majority of Negro Americans into working people residing mainly in the great industrial centres of the South and North. Chicago today has a population which is over 30% Negro. The steel city of Gary is over 50% Negro. This has become typical of the industrial centres.

All the problems of work, living, health and education delineated above fall with particular force on the black people crowded into confining, stifling ghettos. To these are added the crushing burdens of racist discrimination in employment, upgrading to skilled, higher paying jobs in industry, the professions and in all walks of life. In 1968, the average Negro family's income was 39% below that of the average white family.

The burdens of poverty and deprivation fall heaviest on Negro Americans in general, as well as on the Spanish speaking minorities; and on Negroes in the South especially.

Table 8

Per cent of families classified as poor, by colour—1966

	<i>Total</i>	<i>White</i>	<i>Non-White</i>
United States	17.8%	15.3%	38.6%
South	24.7	19.4	50.8
Rest of USA	14.9	13.8	27.6

The tremendous contrast between what the technological revolution could mean, if it were used in the interests of the people, and the reality that exists, is a major reason and stimulus for the militancy and high level of the unprecedented black

liberation struggle in the United States. This is dramatically seen in the current demand by black workers for entry in meaningful numbers into the construction industry. Technological change in that industry, including prefabrication, new materials, etc., has rendered obsolete many old skills. Yet the building trades unions continue as craft unions limited to a comparatively favoured few, and the contractors, with active support of many craft union bureaucrats, continue racist policies of excluding black workers from the industry. The outmoded practices and racist craft concepts come into violent collision with the advance in technology.

The revolution in technology has brought a big increase in the number of technicians, scientists and engineers in industry. Between 1961 and 1966, all employment in private industry grew by 15%; in the same time, employment of scientists, engineers and technicians was at a rate 40% higher.

In January 1966, 950,000 scientists and technicians and 675,000 engineers were employed, an increase of 300,000 over 1961, or a 21% growth. Research and development was the primary work of almost 40% of scientists and engineers in industry in 1968. Federal government contract work was responsible for the employment of over 25% of scientists and engineers, mostly for the Department of Defence. Seventy per cent of scientists, engineers and technicians were concentrated in 10 industries: aircraft; ordnance and missiles; electrical machinery; chemicals; machinery other than electrical; engineering and architecture; construction; motor vehicles; instruments; and commercial laboratories.

A large proportion of these brain workers are directly related to the production process. Increasingly, they sense that they have more in common with the working class than with the employers. The trade unions, however, have yet to take the necessary measures to organise them and win them to the side of the working class.

The development of data-processing computerisation, of technological breakthroughs in communication and transportation; and the growing efforts of state monopoly capitalism to exercise some degree of control and planning over the production processes have enhanced the role of office, technical and distributive workers, whose proportions have grown in relation to production workers.

Table 9

Employment by major occupation categories
(000 omitted)

	1960	1965
White collar (excluding managers, proprietors)	20,659	24,764
Blue collar	24,211	26,466
Service workers	8,349	9,342
Farm workers	5,395	4,265

The conditions of work and wages resulting from the extensive machining of white collar work has brought a great change in the mentality of large sections of white collar workers who now feel themselves closer to workers than to the employers, enhancing possibilities for widespread unionisation among them. Among distributive workers, whose total numbers have grown, a new union, the Distributive Workers of America, the majority of whose leadership is black and Spanish speaking workers, has undertaken a massive organising drive aimed, among other things, at winning a weekly wage of \$100 for the lowest paid workers.

Due to mechanisation of agriculture and improved methods of farming, agricultural output per man-hour increased by 50% between 1959 and 1965. The cost of achieving greater productivity on the farms—which only the richest can afford—has resulted in a precipitate ruination of millions of farmers. In 1967, the number of rural farm families had declined to 5.5% of all US families. Tables 10 and 11 tell the story in graphic terms.

The resulting massive exodus from the country to the city (70% of the population today lives on 1% of the land area of the US) also adds to the army of unemployed and underemployed. The unemployment rate, by understated government measures, runs at about 4%. When one takes into account the millions in the armed forces, the number of able-bodied people not engaged in productive labour runs well over 8 million.

Back on the farms, the condition of the family-size farmers grows from bad to worse. In fact, this traditional symbol of

Table 10

Number of farms by size (000 omitted)

	1940	1964	Per cent change
Total	6,097	3,158	
Under 10 acres	506	183	-63.8%
10 to 49 acres	1,780	637	-64.2
50 to 99 acres	1,291	542	-58.1
100 to 179 acres	1,310	633	-51.7
180 to 259 acres	486	355	-27.0
260 to 499 acres	459	451	- 1.8
500 to 999 acres	164	210	+28
1,000 acres and over	101	145	+43.5

Table 11

Rural population as per cent of total population

(People residing in places of 2,500 population and under)

1910:	54.3%	1930:	43.8%	1950:	36.0%
1920:	48.8	1940:	43.5	1960:	30.1

American independence and free enterprise faces the danger of becoming all but extinct. The Farmer's Union newspaper in Wisconsin estimates that the average hourly net income of a Grade A dairy farmer came to \$1.75 an hour in 1968, a wage which barely keeps him out of poverty. Whole regions of Northern farm states have now joined the South and Appalachia as depressed areas. As the same time, the position of the big capitalist farms has strengthened tremendously at the expense of the poor and middle farms.

These developments have fired up a growing farm revolt expressed in withholding of products from the market and strikes for higher prices, tractor marches on the national capital, etc. At the same time, the forging of a Labour-Negro-Farmer alliance is essential to advance the struggle against monopoly and to prevent the countryside from becoming a stronghold of reaction.

The technological revolution has also caused regional shifts. The Middle Atlantic and New England states (north east) have been the traditional workshop of the nation, accounting for over 46% between them, of all manufacturing employment up to World War II. Following the war, the East North Central Region (Ohio, Indiana, Michigan, Illinois, Wisconsin) emerged in first place, with the Middle Atlantic states (New York, New Jersey and Pennsylvania) in second place. Through the cold war years, the South Atlantic states (which, together with the East South Central region, make up the South, and which together accounted for 17.9% of industrial employment in 1964), further strengthened its hold on third place, emerging as a major industrial region of the country. The Pacific Coast states gained a firm hold on 4th place, knocking New England down to 5th place.

These shifts are a direct result of the new technology, especially in relation to air transport and weapons technology, with the South and the West becoming the main areas of missile, aerospace and atomic energy development, as well as of the military establishment. The growth of the working class in the South and West is producing the decisive force for combat against the ultra-right, reactionary Democrats and Republicans who have counted among their strongholds the South as a whole and sections of the West Coast. The acceleration of the all-national character of the working class across the entire nation is being achieved as a consequence of the technological revolution. The organisation of the largely unorganised industries of the South stands as an urgent, historic imperative before the trade union movement.

Such revolutionising changes as have been wrought by the new technology and the profiteering to which it has been put cannot but have far-reaching, radicalising repercussions among the people, of which we are now witnessing only the beginnings.

Of decisive importance (and hence, little publicised and often played down in the capitalist mass media) is the upsurge in strike activity.

Table 12

Work stoppages 1959-1968

<i>Year</i>	<i>Number</i>	<i>Average Duration days</i>	<i>Number Strikers</i>	<i>Man-Days Lost</i>
1959	3,708	24.6	1,880,000	69,000,000
1960	3,333	23.4	1,320,000	19,100,000
1961	3,367	23.7	1,450,000	16,300,000
1962	3,614	24.6	1,230,000	18,600,000
1963	3,362	23	941,000	16,100,000
1964	3,655	22.9	1,640,000	22,900,000
1965	3,964	25	1,550,000	23,300,000
1966	4,405	22.2	1,960,000	25,400,000
1967	4,595	NA	2,870,000	42,100,000
1968	5,045	NA	2,650,000	49,000,000

For the high number of strikes, sustained over such a long period of time (a decade), and for the high average duration of strikes (three weeks and more) over the same period, the strike upsurge of this decade is without precedent in US history.

A new feature of the strike struggles is the entry into the elementary class war of government workers, led by sanitation workers and teachers. In 1958 there were 15 government worker strikes. In 1966, there were 142. This was more than the combined figure for the previous four years.

Table 13

Government employee strikes²

Year	Number	Number Man-Days Workers	Sanitation Lost	Teachers Service	Libraries
1958	15	1,510	7,510	7	0
1959	25	2,050	10,500	7	4
1960	36	28,600	58,400	12	5
1962	28	31,100	79,100	5	6
1964	41	22,700	70,800	5	18
1966	142	105,000	455,000	36	54

Of special interest are the reasons for present day strikes.

Table 14

Number of Strikes by Issues³

Issue	1964	1965	1966	1967
Wage Adjustments	168	198	272	248
Job Security	213	203	180	232
Plant Administration	596	589	684	701
Other Working Conditions	51	118	96	104
General Wage Changes	1,419	1,597	1,911	2,116
Supplementary Benefits	101	114	71	62
Hours of Work	12	14	5	7
Other Contract Matters	61	60	38	47
Union Organisation and Security	556	594	596	586
Work Assignments	359	392	428	374
Sympathy strikes	64	49	50	67
Others and not reported	31	86	74	51
Totals	3,655	3,963	4,405	4,595

² The figures for 1967 and 1968 will show a further increase in such strikes.

³ *Wage Adjustments*: Include: incentive pay rates; job classifications or rates; downgrading; method of computing pay, etc.

Job Security: Includes: seniority and/or layoffs; division of work; new machinery and other technological issues; job transfers and bumping; transfer of operations; subcontracting of work, etc.

Plant Administration: Includes: physical facilities, surroundings;

These figures reveal:

1. The fight for higher wages remains a basic issue and cause of strikes. This will remain so as long as inflation and taxes keep mounting. Thus, the claim of petty-bourgeois radicalists that the fight for more wages has ceased to have any significance (in the sense of revolutionary potential) is discounted by the strike action of the workers themselves.

2. At the same time, the number of strikes due to conditions arising out of automation and technological change is rapidly rising. In the majority of cases, they are unofficial, taking place without the approval or sanction of top trade union leadership. Thus, the workers on the job are in advance of the union leaders in the struggle against the intensification of exploitation due to technological changes. The leaders lag either because they are reactionary and class collaborationist and unconcerned with the worker's real problems, or because they have no answers for coping with the new problems.

The growing radicalisation of the working class expresses itself in the new causes of strikes, in the growth of sympathy strikes; in the form of the political strike of West Virginia coal miners or the one day strike of Indiana school teachers, in the strikes of protest against the assassination of Dr. Martin Luther King; in the growing tax revolt which has moved workers into massive petition drives, demonstrations and marches; in the change in the character of resolutions submitted by local unions to state conventions of the AFL-CIO, from a preponderance concerned with narrow craft or single industry interests to a strong trend expressing more all-encompassing interests, such as taxes, inflation, export of jobs, concern with priorities of government spending for warfare instead of welfare, concern with discrimination against black workers and problems of poverty and challenges to the political action, electoral policies of the trade union bureaucracy.

safety measures; dangerous equipment; supervision; shift work; speed-up; work loads, work rules; discharge, discipline, etc.

Other Working Conditions: Includes: arbitration; grievance procedures; unspecified contract violations by company.

Others and not reported: Includes: jurisdictional disputes and other inter and intra union matters.

Work assignments: Includes: jurisdictional work assignment disputes.

A new level of awareness, a new quality in the psychology and mentality of the working masses, has developed under the impetus, among other things, of the technological revolution. More than ever before, there is awareness of what mankind could achieve with the material resources at hand; more and more is recognition developing that big business is responsible for the spoliation of nature, the exploitative abuse of scientific and technological attainments and the pollution of man's environment in its worship of profit at the expense of the people.

The conditions for mass radicalisation are rapidly ripening. The conditions for revitalisation of the labour movement, for its restructuring in keeping with technological change, for a great organising drive, especially in the South, and for a struggle for the shorter work day; for a renewal of international trade union unity to fight the multi-national corporations; for a politically independent labour movement, and for a crushing defeat of racialism—all these are maturing under the impact of the scientific and technological revolution. The massive black liberation struggle, the student revolt, the tax revolt, the developing farm revolt, the growing revolt against the poisoning of man's environment, are all signs of the maturing of conditions for the rise of a grand alliance of all victims of monopoly led by the working class.

Not the least of the forces generating the mass struggles of the people is the scientific and technological revolution. It is speeding up the whole revolutionary process in the citadel of world imperialism. The outlook is one of sharpened class and mass struggles.

Fear

Vladimir Rosen

IF YOU go out alone in the evening, decide on your route beforehand and inform your prospective hosts of it. Don't do any windowshopping, avoid poorly lit streets, keep away from doorways. Before you enter your car make sure that there is no one hiding behind the front seat, then roll up the windows and lock the doors; if another car follows you blow your horn loud. At the cinema choose a seat near the aisle, never go up to the balcony. If you are assaulted scream loudly and defend yourself by trying to scratch your attackers eyes, striking his Adm's apple with your purse, kneeling him in the most sensitive spots. If you live alone, try to conceal the fact. Don't let children out of the house without first ascertaining where they are going and fixing an exact time for their return. If they are the least bit late, ring the police....

Such is the advice given to women in a brochure published and distributed by the Chicago police department. Its contents were televised and published in the press. Not that Chicago is any worse than other big US cities. In the contrary. Chicago's Mayor, Richard Daley, boasts that thanks to the measures taken by his administration and the energy of the local police there was a slight drop in crime in his city last year, whereas in the country as a whole it continued to rise.

Crime—organised and unorganised—has become one of modern America's worst headaches. The United States holds the world record in it. The number of crimes per capita is there 13 times higher than in France where the daily newspapers are also full of reports of robberies, armed assaults and murders. Over the last ten years the figure has gone up 150 per cent. In 1970 the police recorded five million "serious crimes" meaning murders, rape, armed assaults, robbery and automobile thefts. But specialists believe that no more than half the "serious crimes" committed reach the police blotters.

It is particularly dangerous to live in big cities: half the

known crimes are committed in the 26 largest cities, whose population, however, comes to only 17 per cent of the total. In New York alone, 1,117 murders, 2,114 rapes and 74,000 armed assaults were recorded last year. The total number of grave crimes rose from 478,357 in 1969 to 517,716 in 1970. Most alarming to the Americans is the rapid growth of crime among young people between the ages of 15 and 25.

Fear reigns in the cities. The above-cited police recommendations are repeated in various forms by all kinds of organisations or simply passed on by word of mouth. At the end of 1969 the National Commission on the Causes and Prevention of Violence appointed by President Nixon and headed by Milton Eisenhower, the late President Eisenhower's brother, arrived at the conclusion that cities will have to be divided into "zones of terror" and "fortified zones", with the central business sections transformed by night into "deserted caverns" patrolled by the police, and the residential sections protected by armed guards equipped with electronic devices. Citizens will have to be taken home from work in armoured cars via specially equipped "safety corridors".

Nothing more has been heard yet of any such safety corridors but last year alone 7,815 private cars were fitted out with bullet proof windows and special locks were installed in 280.

But the gangsters also move with the times. Regardless of the cost, which comes to as much as 10,000 dollars, they convert ordinary powerful cars into "James Bond Wagons" fitted out with ring mounts for three or four quickfiring machine guns, and gas or smokescreen sprayers. Guns are mounted in the headlights, and vents cut for fitting a car with an anaesthetic capable of knocking a victim out in an instant. Recently one car, pursuing another at a speed of 100 kilometres an hour, ejected a huge awl which ripped the tyres and body of the pursued car. The latter crashed and its two passengers were injured.

It cannot be said that the authorities do nothing. The war on crime is one of the themes the President likes to touch on in his numerous speeches. Huge funds have been allocated to the police—4,500 million dollars annually—and early in March the President asked Congress for another 500,000,000 dollars for them. The police who are being armed with modern weapons and means of communication, equipped with computers and helicopters, are paid well.

But the results of the police efforts are paltry. Complaints about their inefficiency and venality pour in from all sides. The Criminal Justice Coordinating Council set up by New York's Mayor Lindsay submitted a 120-page report in March containing this cheerless conclusion: "The crime control system poses little threat to the average criminal". The conclusion is fully justified for according to municipal statistics the criminals responsible were apprehended only in 18 per cent of all recorded armed robberies, 7 per cent of the burglaries committed and 6 per cent of the larcenies. But even if the criminal is caught that does not mean that he will be brought to trial. There a multitude of loopholes by means of which a clever lawyer can get him off. The widely practised bail system allows criminals who have plenty of money to buy their way out. Verdicts of "guilty" are rarely pronounced and of those so pronounced only 7.4 per cent entail a prison sentence of more than one year. Half the sentences are conditional.

In these circumstances fear has become a characteristic feature of urban life. It has taken possession of all. The New York Times reported in March that fear prevails even among members of the U.N. diplomatic corps, who tremble for the safety of their families.

Fear forces urbanites to resort to self-defence. "Block Associations", "Neighbour Committees" and other self-defence groups are springing up in New York, Dallas and other big centres. It is worth citing this dispatch from New York which appeared in the ultra-bourgeois West German Frankfurter Allgemeine of May 22:

"There comes a moment when there is no choice but to leave New York or to form a block association. Thousands of New Yorkers have reached that point and so dozens or maybe already hundreds of block associations have arisen.... Their aim, above all else, is security.... Lively discussions go on at their meetings; should a watch-man be hired to patrol the streets at nights? How keep mailboxes from being broken open, how keep drunks out of the railways? Where to obtain statistics on the robberies and assaults committed in the block? What alarm system is best? Is there an absolutely reliable lock?... Such associations sprang up all over New York in the last few years. Last week their members met for the first time to exchange experience.... They were representatives of the citizenry who were compelled to resort to self-defence be-

cause the authorities can no longer cope with the problem. "If New York is to go on functioning, we have to take things into our hands," said one of them, opening the conference, and all nodded agreement. . . . The whole panorama was revealed at this meeting. . . . The weapons of the New Yorkers are their eyes and ears, whistles, telephones and portable radiotelephones. In Brooklyn there are 'Window Watchers'. . . . in Harlem. . . . radio patrols, in Greenwich Village 'observers'. The self-defence age scale ranges from school children to bedridden old women. . . . Some hire professional guards for the evening hours. Volunteer escorts are organized. They escort old people when they go to receive their pensions, they being favourite subjects for assault on these occasions. In other places women and people coming home late from work are escorted home from the subway station. In houses with self-service lifts tenants volunteer to operate the lift. . . . In one big house its five hundred tenants have set up a checkpoint at its entrance. Everyone who enters is checked and reported by telephone to the tenant on whom he is calling. During the daytime women are on duty at the control desk, at night men take over."

Civil self-defence is, however, still the exception, not the rule, and not always is it effective, as the climbing crime curve shows. Though Attorney General Mitchell offers assurance that in 1970 the curve rose "only" 11 per cent, compared with 12 per cent in 1969, this is small consolation to the terrified Americans, and they lock themselves up in their dens. Like the three wise monkeys, they hear nothing, see nothing, say nothing. When they hear screams and cries for help and the groans of the wounded in the street they hurricndly shut their windows and bolt their doors. The newspapers are full of reports of tragic cases of women being robbed, raped or murdered, of bleeding victims knocking in vain at closed doors. Every man for himself—that is the prevailing code.

One can understand this: the loudly advertised war on crime has proved too ineffective. The main blows are directed not at the real criminals and certainly not at "organised crime", the current euphemism for the all-powerful mafia. The wrath of the courts and the police is directed against rebellious students, against those who oppose the war in Indo-China, who fight for civil rights for the Blacks, the Puerto Ricans, the Mexicans. Against them the police display boundless energy, promptness of action and ruthlessness, nor can any mercy be expected from

the courts. No, this loudly advertised war is not directed against the social symptoms of the grave disease afflicting American society. Rather, its purpose is to hush up its causes.

Mitchell's predecessor, ex-Attorney General Ramsey Clark (Dem) has grown frank now that he no longer holds the post. In his book, "Crime in America" published in 1970, he lists the principal causes of crime as economic, social and race oppression, poverty in the slums, the harsh and unjust treatment people receive at the hands of the police and the authorities. He declares openly that the crime statistics are juggled, judges that only one out of every 9 crimes is punished, so that punishment loses its deterrent value.

He presents a detailed and competent analysis of the causes of unemployment, poverty and the roots of crime, severely criticizes the whole system of American justice, deplors the ruinous effects of addiction to drugs.

Black America, Clark writes, has shown itself much milder and more humane than white America. Black criminality is not a character trait. What is responsible for it is the gradual destruction of human dignity by white racism. The areas where crime is most rampant, he continues, are the slums with their bad schools, high unemployment, high child mortality and poverty, where disease is widespread, where houses are dilapidated and everything looks hateful. We all know this, he says, yet we go on breeding and nurturing crime.

This last is a veiled reference to formidable, invulnerable organized crime, above all the mafia. This is one of the worst ulcers of present-day American Society., Where the black associations are more or less able to cope with drunks, petty thieves, half-mad dope addicts and wild juveniles, they are absolutely impotent against organized crime. And so fear and terror creep deeper and deeper into the hearts of the Americans, compelling the more prosperous to flee from the cities and the rest to lock themselves up tightly and to stop their ears to keep from hearing what goes on under their windows.

Learning To Leave with Fear

CITY people can get used to almost anything, but it takes a long time to learn to live with fear—and fear is the scourge of the cities these days. With each new rise in the crime rate, with each neighbourhood burglary or mugging or rape, more city dwellers come to the alarming realisation that somebody out there may be out to get them. And with this discovery, the quality of city life subtly changes. “You learn to survive like the rabbit in the bushes” says a State Department official in Washington.

Many women and quite a few men avoid walking at night anywhere in the big city streets of America. City dwellers fortify their homes with an incredible array of burglar alarms, electric eyes, lights that switch on and off automatically, guns, chemical sprays, watch dogs trained to attack.

Whatever the actual blood count, the psychological reality is that crime is rising—and a sour pall of fear pervades the cities.

“You wait until your number is up”, says a Washington working girl. . . The novelty stores around Times Square bristle with legal and illegal knives and do a thriving trade in mace like chemical sprays.

On riot torn Fourteenth street in Washington—a city that counted its 57th murder of the year last week—a liquor dealer waits for the next invasion with an arsenal of seven pistols, a rifle and a Browning automatic rifle.

Everywhere man’s eye is on his neighbour. From Harlem to Los Angeles, citizens are banding together, to demand better street lighting, more police protection. Some verge on vigilantism forming crime councils to patrol their own streets. . . .

A good part of the living in the culture of fear is simply learning not to think too much about it. . . .”

(From *Newsweek*, 24 March 1969)

Why They Revolt

MORE than 40 per cent of America's twenty-five million Blacks, *Newsweek* magazine estimates, fall into the category of the poor. The income of a high school graduate who has a black skin is less than three-quarters that of his white counterpart. The Black is the last to be hired and the first to be fired. America's industrial bosses pocket 22,000 million dollars a year by paying Black workers less than white.

The sad plight of the Blacks was admitted in his time by President John Kennedy. In his message to Congress in 1963 he wrote: "The Negro baby born in America today, regardless of the section or State in which he is born, has about one-half as much chance of completing high school as a white baby born in the same place on the same day; one-third as much chance of becoming a professional man; twice as much chance of becoming unemployed; about one-seventh as much chance of earning 10,000 dollars per year; a life expectancy which is 7 years less; and the prospect of earning only half as much".

By force of historical circumstances the Blacks came to be settled mostly in the south. Alabama, Georgia, Mississippi, Louisiana and Arkansas constitute what is called the "Black belt". For many decades the agriculture of the southern states rested on cheap Black labour. In Alabama, ten years ago, only two per cent of the cotton was harvested by machines. Today the figure exceeds 80 per cent. Left without work, the Blacks move to the big industrial areas of the north in search of a livelihood. But bitter disappointment awaits them in the modern American city. Half-hungry, almost illiterate, moneyless, the Black man enters a world where even men better equipped for it than he are defeated by the cruel struggle for existence.

Though it is officially estimated that the non-white population of the big American cities will be practically doubled by 1986, the government is scarcely doing anything to improve the situation in the Black slums. Only half the people in the

poverty areas have an income at least a little above the officially established "poverty line". Newspapers report more and more frequently that slum-dwellers are obliged to buy inferior quality food and pay higher prices than in other urban neighbourhoods.

The social system denies the Black man the opportunity to land a well-paid job. It is hard for a Black to become a skilled worker, chiefly because of the colossal difference in the education of the white and Black citizens of the country. White school children have better teachers, better educational facilities and laboratories. The white youth has the advantage in entering a college or university.

One of the main reasons for the difference in the education of whites and Blacks has ever been the poverty of the Blacks. How much education can there be for the children of a Black man who has come up from the south to settle in a city slum? To quote the American journalist Michael Harrington: "...the average twelfth-grade Negro has a mathematical proficiency which is somewhere between the seventh- and eighth-grade level and a reading proficiency not much higher! Since everyone now proclaims that it takes two years of post-high-school training to be a successful member of the working class, the millions of poor young Americans are at an unprecedented disadvantage."

To relieve at least some of the tension engendered among the poorest sections of the population by social and race problems, President Johnson pronounced "war on poverty" the official national policy in 1964. His programme was meant to ensure "equal opportunities for all". No employer, he promised, would refuse to hire a man because of the colour of his skin.

Even the small beginnings made in line with this programme are now gradually being erased by the Nixon Administration. As they prepare for the presidential elections in 1972 the Republican leaders must realise that the dissatisfaction of the Blacks with the policy of the present Administration has grown rather than diminished and that it is therefore useless to rely on them in any way. For that reason they are trying harder than ever to win racist-minded voters to their side, speculating on their hatred for Blacks. As the natural result of this the Nixon Administration has shelved all measures designed to establish the formal equality of Blacks and Whites.

A recent check-up on the extent to which the 1964 law on civil rights is being observed revealed that of 40 firms only 27 employ or intend to employ Black labour. And many trade unions, far from defending the rights of the Blacks do not even admit them to their ranks, thereby cementing the nearly century-old practice, so profitable to the capitalists, of discriminating against Black workers.

Poverty, hunger, unemployment, negation of elementary human rights, open and disguised racism have turned the country into a boiling cauldron of race conflicts.

It must also be remembered that race prejudices do not die automatically with the passage of civil rights bill and the decision to desegregate the schools. For decades countless white Americans were brought up in a spirit of hostility to the Blacks. That is why a Harris poll revealed that 88 per cent of the whites do not want to have Black neighbours and approximately 80 per cent do not want to see their relations married to Blacks.

Last summer a group of Black Congressmen voiced dissatisfaction with the President's policy on the Black problem. They declared that it created a deep and dangerous gap between the Administration and "Black America". For months they vainly sought an appointment with the President. One of them stated: "The President has travelled 35,000 miles outside our country, but he hasn't seen the American slums. He receives hundreds of foreign diplomats but refuses to meet representatives of Black America who are members of Congress".

In an interview televised at the end of May in a "Meet the Press" programme, these Congressmen stressed that they were not satisfied with the White House's reply to a number of proposals designed to improve the situation of the Blacks and the poor. They said the reply was "disappointing" and that the policy of the Nixon Administration was fraught with ruinous consequences for millions of poor Americans.

The fact that the rulers of the country do not want and are incapable of solving the Black problem prompts millions of Black slum-dwellers to seek their own way out of their intolerable position. Their efforts do not always rest on knowledge of the laws of social development. Sometimes they lead to explosions and excesses which the ruling classes immediately utilize to their own advantage. In some cases they lead to the path of partial reforms. But neither persecution of the Black

champions of true economic and social equality nor the hypocrisy of the bourgeois reformers who try by individual concessions to muffle the indignation of Black America can stop the drive of the Blacks for united action with all the progressive forces in present-day America. The mounting Black protest is becoming an increasingly stronger force in the struggle for a radical solution of the country's social and political problems.

The struggle does not abate for a moment. Towards the end of June a Black Solidarity Day was held in Cairo, Illinois. Two thousand representatives of Black organisations and groups attended the protest meeting against continuing repression and race discrimination. More than 200 were arrested. In the same period race unrest exploded in Jacksonville, Florida. The municipal authorities brought in strong police forces and the National Guard. More than 300 people were arrested, and several injured. These are but two episodes of the stubborn struggle the American Blacks are waging.

"America is a hypocritical country. For more than 350 years we have paid for this hypocrisy in slavery, blood, tears and hope. Today we no longer ask or beg anything of white America. We demand." These words, spoken by Harry Edwards, the man who organised the summer Olympic Games by Black sportsmen, express the desire of the entire Black people for true freedom and equality. (1971)

Fighting the Monopolies

THE strike curve in the United States has been steadily rising since the beginning of the year. In the course of the first three months there were 1,020 strike actions with more than 450,000 workers taking part. And the signs are that for scale of labour conflicts this year will eclipse 1970, when some 62,000,000 man-days were lost in 5,600 strikes.

The upswing of the class struggle in the US is a symptom of the deepening conditions of monopoly capitalism caught in the grip of economic and political crisis. For one thing, recent years have witnessed a steady spiralling of inflation. In 1960-69 retail prices of food increased by 46 per cent and the prices of consumer manufactures have been going up at an annual rate of 5-6 per cent.

The worsening of the workers' conditions, the highest unemployment rate in nine years and the sorry state of social security which *Newsweek* has described as a "national disgrace" all contribute to the deepening discontent with the existing state of affairs.

More and more workers are coming to realise that one of the principal factors aggravating economic difficulties is militarisation of the economy under the impact of the Indo-China war. Consequently, their economic and social demands are increasingly acquiring political implications. The recent massive anti-war actions too testify a growing awareness of the connection between political and economic factors. Symptomatically, one of the watchwords of this spring's anti-war demonstrations was refusal to pay war taxes.

The basic strike demands, as hitherto, are wage increases to keep up with the rising prices, better working conditions and improved social security. These and other issues of vital importance for the working people have loomed large in the renegotiation of contracts with the employers. The trade union

rank and file is evincing greater resolve than ever to stand up for their rights and not to submit to the compromise solutions urged by union leaders. Following the breakdown of negotiations with the employers, 20,000 Western Union telegraphists have been on strike since the beginning of June. For more than a month the 400,000 strong steel workers' union has been engaged in difficult negotiations with the steel companies and is threatening to come out on general strike if its demands are not met. Transport and oil workers' unions are displaying equal determination.

A notable feature of the present stage in the development of the labour movement is that strike actions tend to spread to the whole of the given industry. For instance, the Texaco oil refinery strike in Port Arthur, Texas, which began on January 1, spread to other refineries in Ashland (Kentucky), Kenton (Ohio) and Lemont (Illinois). In June, New York was shaken by a municipal employees' strike. All 13 sewage disposal and 7 garbage incinerating plants of the city stopped, and 28 Manhattan bridges were closed to traffic.

Another feature is the participation in the struggle of the most diverse groups of working people. This year has witnessed strikes of teachers, miners, port workers, airline and automobile workers, telephonists, transport workers, municipal employees, and firemen. Early in the year Pittsburg, one of the biggest US industrial centres, was paralyzed by a wave of strike actions. Newspapers ceased publication because the printers struck and a teachers' walk-out closed many schools. Truck drivers and warehouse workers also went on strike. As a token of solidarity garbage collectors, plumbers, and other municipal workers joined in their picket lines.

A big impact was had by a country-wide strike of 13,000 railway-signalmen who downed tools on 17 May to back up their wage demands. The threat arose of industrial production falling off and some factories being completely closed, coal mining was curtailed and huge quantities of goods accumulated in warehouses. This was the fourth crisis of its kind on the US railways in the past half-century.

The government suppressed the action by introducing emergency legislation. This was not the first time that legal machinery was used against the workers. According to US press reports, various government departments are now framing new

legislation designed to reinforce the anti-labour Taft-Hartley law.

But for all that, the US working class is displaying growing militancy in its confrontation with the capitalist concerns, which of course are backed by the government. It derives inspiration from the success of such major actions as the General Motors and General Electric strikes. (1971)

Social Sleight of Hand

HARD pressed by the deepening crisis of the capitalist political, economic and social system, the US ruling quarters are increasingly supplementing repressive action against the workers and fighters for peace and social justice with social half-measures of diverse kinds in an attempt to mitigate the irreconcilable antagonisms of capitalism.

These expedients are designed to change the social climate of capitalist society and take the edge off the most painful problems bedeviling it, such as economic inequality, race discrimination, the crisis of social security, the health services and education, the crisis of the big cities, and the like.

The present economic recession in the United States not only highlights the inability of the system to ensure material security for the majority of the population, but also lays bare all of its social life. More and more workers in the US, as in other capitalist countries, are gradually coming to see that socialism alone can ensure real economic and social progress.

INADEQUACY OF STATE MEASURES

Redistribution of the national income through the state budget is one of the principal methods of social accommodation. The capitalist state seeks to resolve through financial regulation such problems as unemployment, inflation, and growing economic inequality. One of the main points in President Nixon's last budget message, for instance, was the promise of "full employment" by 1972—an objective the White House hopes to achieve by means of tax and credit policies and increased government spending to stimulate business activity and hence employment. The same object is pursued by the President's "revenue sharing" plan, of which the manpower bill providing for Federal allocations to the states and municipalities to finance training programmes is an integral part. The US budget for the 1971-72 fiscal year likewise provides for increases in unemployment

relief and social security spending (the "family assistance plan") and reforms in medical care.

A closer look at these programmes, however, reveals that they are prompted not so much by concern for the millions of unemployed as by a striving to placate the workers and to correct the crisis-disrupted supply demand balance on the labour market to meet the interests of the capitalists, since excessive unemployment impinges on monopoly profits by cutting into home consumption. "Full employment", as Nixon sees it, would still allow for a 4.5 per cent unemployment rate. Training and re-training of workers—a problem which has become particularly urgent owing to scientific and technological progress and the rapid structural changes taking place in the economy—is also in the interests of the monopolies. By means of state intervention monopoly capital hopes to kill two birds with one stone—to create the prerequisites of an economic upswing and to attenuate its confrontation with the working masses. As for Nixon, apart from everything else, he evidently expects that placing Federal funds at the disposal of the state and local governments will win him political support at the middle and lower rungs of the U.S. political hierarchy.

Skimpy too is the "welfare reform" projected by the Administration. The funds earmarked for social security are miserly indeed in comparison with the plight of the poor in the richest capitalist country. Even *Time* magazine notes that the US "still devotes proportionately less of its resources to welfare than most."

But limited though the reforms proposed by the Administration are, they have come up against opposition in the most reactionary quarters. California governor Ronald Reagan, notorious for his ultra-right views, for instance, has assailed the "family assistance plan" on the grounds that it would provide an income for the "shiftless".

It is noteworthy that even the restricted funds sanctioned by the Capitol for social needs are being used by the ruling Republicans to promote their own political ends. President Nixon is holding back 12,000 million dollars of the 1971 Federal appropriations in order to throw them on the economic scales at the end of this year and the beginning of next. According to his calculations, this could quickly improve the business situation and increase employment and thereby tip the balance

against his political opponents in next year's Presidential election. Another indication of Administration duplicity is the fact that on 29 June the President vetoed a public works bill although its implementation could have provided a livelihood for 200,000 unemployed.

The frenzied opposition of the reaction and the political trickery of the Administration are reducing to nought even those skimpy social reform programmes which the ruling class has had to concede under the pressure of the present critical situation.

“SOCIAL RESPONSIBILITY”

According to John Carson, author of the recent book “Business in the Humane Society”, this catchphrase from the stock-in-trade of the professional politician has latterly been discussed in corporation board rooms. And understandably enough America's real rulers—the men of the monopolies—are no less than their placemen in government and their ideologues in the universities alarmed by the mounting social dangers.

It would be naive to assume that Big Business is seeking to blur the “dividing” line between private and public because of humane considerations, as Carson maintains. The point is that public discontent with monopoly manipulations prompted solely by profit has reached dimensions which business can hardly afford to ignore. It is because of this that the corporations, especially in recent years, have granted some of the workers' wage, pension and other demands and taken steps towards collective measures of a social nature through their class organizations—employers' associations and foundations—and with government aid.

For instance, the National Alliance of Businessmen has worked out a programme for training and hiring of unskilled workers financed by contributions from industrial corporations and banks. A number of industrial firms, insurance companies and banking houses have for some years now sought to promote “black capitalism” through the establishment of so-called minority business enterprises owned by and hiring Black Americans and members of other oppressed national minorities. And many chemical, pulp and paper and metallurgical corporations which have been sharply criticised by the public for polluting the environment have set aside funds for building air and water

purification installations and mounted a publicity campaign to boost their ecological undertakings. Other firms have allocated money for urban improvement in areas adjacent to their factories.

So far, however, the results are non-existent. As *Business Week* recently admitted editorially, "the past year was a tough one for companies that had embarked on well-intentioned but badly-conceived programmes to help solve the nation's deep-rooted social problems". In an article dealing with these programmes, the journal ascribes their failure to the difficult times experienced by US business—the falling off of economic activity and profits decline in investment, and unemployment.

And indeed, unemployment has spread to practically all branches of the US economy and cancelled out the National Alliance of Businessmen programme. Even such "social minded" corporations as the automobile Big Three—Chrysler, Ford and General Motors—have refused to participate in it. And the workers who had gone through training courses and found jobs under the programme, mostly Black Americans, were among the first to be given the sack.

No more successful was the idea of encouraging "Black capitalism". The scheme had been devised by the monopolies as a means of tying the Blacks to the capitalist system with minimum expenditure of funds. Actually, however, most of the corporations that had promised to support the minuscule firms refused to finance them out of considerations of economy. Besides, the whites who had offered to teach the newly-backed businessmen the art of making money felt, according to *Business Week*, "uncomfortable working with the poor, especially with militant Blacks". Because of this even when Black companies were set up the assistance rendered them boiled down to standard bourgeois charity in the form of handouts, in particular, from philanthropic foundations. For instance, the Ford Foundation assigned 2,500,000 dollars for aid to seven Black companies which it is estimated can provide jobs for roughly 25,000 workers, and that in the indefinite future.

The bankruptcy of the "Black capitalism" concept is now openly admitted in the US. In the opinion of Andrew Brimmer, the only Black on the Federal Reserve Board, the minority enterprises programme offers a "poor economic—future for negroes". Black Americans, he believes, stand in greater need

of opportunities to acquire an education and skills in order to take the place due them in the economy.

As regards the other social measures projected by the corporations—combating air pollution, municipal improvement, appointment of Blacks to executive posts, and the like—they can be qualified only as attempts to mute public discontent with the unsavoury manipulations of the money bags. For example, a National Broadcasting Company documentary film about migrant farm labourers in Florida evoked such an outbreak of public indignation that the Coca Cola corporation, which makes a lush profit on the misery of the negroes working on its plantations, decided to make a gesture and build 500 cheap houses for them. This concession, however, can hardly stand any comparison with the millions pocketed by Coca Cola both in the US and many other countries. Like the profits of other monopolies, these millions have been squeezed out of the sweat and tears of thousands of poor people, to whom monopoly capitalism can offer nothing more than petty handouts wrapped in “social responsibility” camouflage.

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Recent decades have shown that despite the experience accumulated by the US ruling elite in deception of the working people the steady aggravation of all the contradictions of capitalism dooms all attempts at social manoeuvring to failure. History has already passed judgment on this system and no manipulations by the exploiting class can alter that judgment.

Facts and Figures from the USA

Social Security and Education

OF THE 27 million Americans in need of relief only 13.5 million get aid, official American statistics reveal.

By 1970 the number of children without means of subsistence and living on aid had increased to 95 million.

Last year a free-lance writer, says *Time* magazine, "tried to live on a welfare food budget. She learned about flash hunger pains and biscuits to assuage them, but even more about the debilitating effect of a lack of protein and vitamins."

Average tuition in US higher educational institutions comes to 4,400 dollars a year and by the end of the 1970s it is expected to rise to 8,000 dollars. Today it already equals half the annual income of an average American family.

A day in hospital costs from 70 to 100 dollars.

Unemployment

OFFICIAL statistics reveal that unemployment in the United States has increased in the past year by 40 per cent and is still growing. In May it came to 6.2 percent of total manpower. There are now over 5 million totally unemployed and about 2.5 million workers on short time.

The 800,000 young people who have graduated from colleges this year have very little chance of getting jobs they studied for.

The number of unemployed young scientists, engineers and technicians has reached 60,000.

Three hundred thousand servicemen who have returned from Vietnam cannot find work. One war veteran told a reporter "The government turned me into a killer in Vietnam and now it is forcing me to steal".

Mounting Tension in U.S. Industrial Relations

Sequel to Nixon's Wage Freeze Programme

President Nixon on October 19 asked the US Congress to extend his wage freeze programme to April 1973 and called for machinery to ensure control by him of all appeals. This came just a day after the Bureau of Labour Statistics report came out, noting sharp rise in unemployment, especially among the Negroes, which is estimated at 14.1 per cent as against national average of 6.1 per cent.

Thus the phase 2 of Nixon's wage freeze programme, initially for 90 days as announced, now shows signs of being a long-term plan, to continue well after the 1972 elections. How far US economy has been stabilised through the "freeze" measures is yet to be analysed. But that it has helped big US concerns to earn more money is undisputed. Big corporations have benefitted from the cancellation of wage rises already negotiated and due after 15 August when Nixon's freeze order came.

What is further distressing the US trade union leaders is the fact that many US corporations are going in for automation and labour saving devices in the name of productivity and to take advantage of 7 per cent tax gift allowed under this head. Already productivity of the US workers is very high and they have not received commensurate benefit in terms of income vis-a-vis rise in productivity. Recent statistics give a very interesting and revealing picture.

The number of tons of coal extracted in 1970 was about the same as was extracted in 1947. But in the same period two-thirds of the total number of coal miners had been eliminated. In the same a period the productivity of each remaining miner increased by 213.2 per cent while the take-home pay increased

only by 55 per cent. In 1947 there were 425,000 coalminers, in 1970 there were 138,000.

In 1970 there were 40 per cent less railway workers than in 1947. The productivity of railway workers went up by 197.4 per cent while the take-home pay rose by 63.5 per cent only during 1947-1970. There were 1,352,000 workers on railways in 1947; in 1970 their number was only 560,000.

Between 1947 and 1970 productivity of steel workers rose by 48 per cent. The decline in the number of workers in this industry during the same period was about 100,000.

In fact, every labour-management settlement on wages had a built-in clause of rise in productivity since 1947. The workers' share in the value produced during 1957-59 period alone went down by 25 per cent.

It is also a fallacy that US workers are receiving better wages than the national norm. The government-projected adequate budget for a family of four is 205 dollars per week. The average steel worker's wage is only 166 dollars per week.

In a recent article in a Wall Street Journal, a capitalist spokesman Alfred L. Malabre admitted: "In the past 30 years, there have been three distinct periods in which factory prices climbed substantially over a prolonged interval. In each instance labour costs per unit of factory output were *declining* when the price climb began and these costs continued to decline for a considerable period after the price rise was underway. In each case, corporate profits began to increase sharply *well before* the price climb started." This is precisely the reason why the entire organised working class of USA is fighting against Nixon's "freeze" technique. Despite Nixon's promise to freeze prices, the prices have risen by 16 per cent by the third week of September.