

# Who Owns America?



By James S. Allen

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## ABOUT THE AUTHOR

James S. Allen, the author of this pamphlet, has won a wide and distinguished reputation as a **Marxist historian**, particularly in the field of the Negro question and **the role of the Negro people** in American history. He is the author of *The Negro Question in the United States*, *Reconstruction: The Battle for Democracy*, *Negro Liberation*, *The Crisis in India*, and numerous other works. His new book, *World Monopoly and Peace*, is issued by International Publishers.

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# WHO OWNS AMERICA?

By James S. Allen

## INTRODUCTION

Arrogance is not an American trait.

Yet "free enterprise" America, the America of the great corporations, is today the most arrogant power in the world. Nations shudder at the possibilities stored away in our arsenal of atom-bombs.

The people of the United States do not desire to rule the world. They have no desire to use the great power of our country against the peace. But here at home we see all around us evidence of how this power, monopolized by a few, is used against the American people also.

Men and women who devoted long hours of toil to the war against fascism walk the picket lines, at times embattled by the police, to protect themselves from the trusts. Our returning soldiers seeking peace, a decent job and a liveable home find none of these easy to obtain.

Negro workers find their wartime jobs disappearing, while Negro soldiers return to a Jim Crow society which has changed not at all. The enemy they sought to fight abroad reappears in their home towns, in the guise of an American, to threaten with gun and lynch rope. Jew and foreign-born are the special target of fascistic societies and demagogues.

A thousand and one new worries beset the people.

If there is little peace at home, there is even less abroad. Whole continents lay desolate from war. A state of near starvation prevails in Europe. Famine threatens immense countries like India. Ominous signs of a reviving fascism appear. Arms which won victory over the Axis are turned against peoples who want their independence. Two of the victors, the United States and Britain, come forward as the champions of the old order against the popular democratic movements sweeping Europe and Asia.

The first meetings of the United Nations Organization are too reminiscent of the old League of Nations to provide much comfort. They serve again as a sounding board for the kind of attacks upon the Soviet Union which encouraged countries like Germany and Japan to prepare for war. To get tough with the world, and especially with the Soviet Union, is exalted as the great aim of American policy.

It is a distracting picture. Everything seems so unsettled after a war which was fought justly against the would-be conquerors of the world. The threat, subdued in Germany and Japan, seems again to spread over the world. We have ended a war against fascism abroad only to find it being nourished at home.

### Must we go through it all again?

A short postwar boom, with a few million unemployed and a growing gap between wages and prices of necessities, ending suddenly in another great crash, this time with perhaps thirty million unemployed?

The fakers and the demagogues, the Man on Horseback, the purveyors of race hatred, the spokesmen of fascism holding the stage in Congress, seeking to subvert democracy and to corrupt the people with their ignorant rantings?

The unrelenting and clever maneuvers against peace? The unleashing of forces which make for still another war?

Yes, these are the real dangers.

The dreamers, the weak, the easily deceived will refuse to recognize them, will dismiss with a shake of the shoulders the prospect of a new cycle of horrors. But it is a truth not to be lightly ignored that capitalism, even in its most powerful

embodiment in America, threatens to reproduce disaster on an ever widening scale.

The danger must be seen, and also its causes. We cannot afford to seek refuge in illusions, for in the end we will be the victims.

Whence comes this defiance of the people at home and this ugly threat to the peace of the world? Why this sudden outburst of greed and of the aggressive spirit?

## I. THE WAR BONANZA

The very big corporations have become even bigger during the war. This is one of the main causes for the new outburst of the aggressive spirit in America.

### PROFITS

Size of profits is one way to measure the greater power of the trusts. During 55 months of war the acknowledged profits of all corporations, *after payment of taxes*, reached the astronomical figure of \$52 billion.

Real profits were much higher. Tremendous untaxed profits are concealed in the inflated sums written off for depreciation of machinery and plant, or set aside as special funds for reconversion. In addition, large amounts were passed out in salaries and bonuses to executives. For example, six General Motors executives drew \$2,088,000 in a single year.

Only a portion of these profits were paid out to stockholders. The greater share was salted away in the corporation treasuries, to provide the biggest working fund in the history of American big business.

The liquid assets or working capital of all non-financial corporations (excluding the banks and insurance companies) reached about \$50 billion by the end of 1945. This is an increase of \$25 billion since 1939.

The \$50 billion in the corporation treasuries is only part of the vast wealth accumulated by the industrial magnates during the war.

They also have a standing credit with the United States



Treasury amounting to \$30 billion. This is a result of the greatest tax steal ever put over on the American people. During the war, the highest tax rates in history were imposed upon the lower income groups, while the corporations paid an excess-profits tax on wartime profits above the average level of the prewar years.

This is the rub: the high war taxes which the great majority of the people paid were permanently turned over to the government. But the corporations paying excess-profits taxes can receive them back from the Treasury should their postwar profits fall below the 1939 level.

This credit amounts to a government strike-breaking fund, enabling the big corporations to lock out the workers, while they bargain for higher prices and other advantages and continue to rake in profits stored up in the U. S. Treasury. In addition, the excess-profits tax has been withdrawn, while high taxes of the people have been only slightly reduced.

Besides, by the end of the war, tax refunds to the profit-swollen corporations had already amounted to \$5.5 billion.

Thus by simple arithmetic it can be seen that the industrial corporations have financial resources and credits of some \$85 billion. This is about equal to the total national income of the United States in 1929, the great prosperity year.

This vast accumulation of capital by the big corporations is a powerful factor making for American expansion abroad, and helps account for the aggressive tone of American foreign policy. Even during the present postwar boom, only a small portion of the hoarded capital can be invested at home. And the corporations will employ it to raise standards of living in the form of higher real wages and lower prices, only to the extent that they can be forced to do so by the action of the unions and the people.

Profit is the law of capitalism. Capital will be invested only when it produces profit, and the tendency is for capital to seek out the most profitable investments. The highest rates of profit are to be found abroad, particularly in the economically backward areas of the colonial world. Thus, the great wartime hoarding of capital has intensified the expansionist tendency, and created a new phase of American imperialist penetration

into practically all regions of the world. This development is one of the principal dangers to the peace, and accounts in large measure for the great world tension which followed so soon upon the defeat of the Axis.

## NEW PLANTS

So far we have considered only liquid capital. But the industrial magnates have also accumulated during the war a new and vast wealth in the form of plants and equipment.

According to the War Production Board, the capacity of American industry increased by 40 per cent as the result of new additions to factories and machinery. This amounts to some \$25 billion. About two-thirds of this amount was directly provided by the government. The balance was paid for out of corporation funds. But even this portion was in the end borne by the government, since the corporations were permitted to charge off new plants against taxes over a period of five years.

Theoretically speaking, over \$15 billion worth of this new plant and equipment belongs to the government. But actually, the corporations control it. They were placed in charge as managers, and pocketed the profits. Most of the war plants and machines can be reconverted to peacetime production.

For all practical purposes, the bulk of this new capacity is an addition to the domains controlled by big business, acquired painlessly in wartime.

## WHAT IS ONE BILLION DOLLARS?

We have been speaking of sums ranging into the billions. The meaning of these immense values is difficult to grasp, yet present-day America cannot be understood unless we can picture roughly the real equivalent of a billion dollars.

General Motors, one of the biggest corporations in the world, reported total assets at the end of 1944 of \$2,182,609,504. We will put this down as a round figure of \$2 billion. We will now look into its financial statement, trying to unravel the complex bookkeeping system as plainly as we can, to get at the real substance of this tremendous property.

The corporation reports a working capital of \$903 million, in the form of cash, government securities and inventory which can be converted into cash. This is the available liquid capital after the payment of taxes, and after allowing for the payment of all outstanding debts and dividends to shareholders.

A careful examination of the statement shows \$175 million can be added to this sum, from items which either reveal additional cash assets or which appear as special reserves on the other side of the ledger. This would put the working capital of General Motors at over \$1 billion, representing its accumulation of profit in liquid form, even after many millions had been paid out to stockholders and executives.

This leaves roughly \$1 billion in assets to be accounted for. It includes the value of all G.M. plants, machinery, equipment, installations, patents, real estate and properties of various kinds which enter into the production of autos, trucks and other G.M. products.

It does not include the plant and equipment provided by the government and to which the government still has title, amounting at the end of 1943 to over \$630 million. But it does include the value of all the properties necessary for an annual production of 2,800,000 passenger cars and 500,000 trucks, which is the capacity of General Motors.

In addition, this figure includes all the plants controlled by General Motors engaged in the manufacture of parts—such as auto radios, spark plugs, batteries, etc.—as well as its subsidiaries abroad and its interests in allied industries, as in aviation, ethyl gas, chemicals, lumber, electrical appliances, housing and transportation.

In its public accounting, General Motors does not place the value of \$1 billion on its properties. This is listed at only \$300 million, while a reserve for depreciation is set aside amounting to \$632 million. The value of the property is purposely understated and the depreciation is overstated as a means of concealing profits from the tax collector.

In other words, the original value of its present properties can be placed at over \$930 million, representing the value of the raw materials and labor power that went into their production. If we add to this the value of other properties ac-

known by General Motors but not included in the above figure, the total would come to over \$1 billion.

Allowing for a normal rate of depreciation of machines and buildings, which has passed into the value of the manufactured products and has been repaid to General Motors by the consumer, we can assume that the present value of G.M. properties is somewhat over \$500 million.

Now note that the working capital of the corporation, if invested in raw materials and labor power, *is sufficient to replace the whole productive machine of General Motors at its original value, with much to spare.* Taking into account new efficient machines now available and new processes, the present capacity of General Motors could probably be reproduced with much less than \$1 billion in capital, even at present prices.

For the purpose of our comparison let us assume that \$1 billion would be sufficient to build a brand new General Motors company, without counting the liquid capital at its disposal. Roughly, then, \$1 billion may be considered equivalent to all the raw materials, labor and skill that went into the construction of the vast General Motors combine.

In other words, if all the \$50 billion of working capital accumulated by the industrial corporations were invested in plant, machinery, raw materials and labor, we could produce at least the equivalent of 50 General Motors empires. And this does not take into consideration the great savings from new discoveries in the field of science and technique.

## LABOR PRODUCTIVITY

The immediate material gains of the industrial titans go beyond their hoard of profits and machinery. It is estimated that labor productivity in industry, mining and transportation as a whole had increased by about 25 per cent during the war years.

In the output of finished factory goods alone, the increased productivity of labor was responsible for about one-third of the increase in the total output, according to the War Production Board. This means that each worker produced on the average four units during the same time as he had produced three units before the war.

This was in part due to the patriotism and war enthusiasm of the worker. But it was mainly the result of new technical developments, which were largely paid for by the government.

General Motors reported, for example, that at its Buick plant a newly designed electric welding machine sped up the welding of Diesel engine crankshaft balancers from three to 36 per hour. The milling of side plates in the auto industry was so improved that five men could be used for the operation instead of 40. Electric riveting halved the production time on the riveting operation.

Many of the new materials, industrial methods and new manufactured products developed in the munitions industries are now at the disposal of the corporations. New war plants and equipment embody the latest in technical efficiency and in new processes. As these enter peacetime production the rise in labor productivity will be even greater than during the war, for without being able to fall back on the easy provisions of the war contracts the big employers will seek to obtain the maximum benefit from the new techniques.

We have mentioned some innovations. Here are a few others.

In wartime aircraft production, a machine was developed for sewing together non-brittle materials. It has been substituted for spot welding of steel and aluminum alloys. Six months are necessary to train a spot welder, but only a few days of training are needed for a metal stitcher.

New methods were invented to harden metals by the use of heat. One of these methods employed in a large tractor plant during the war reduced the time required for hardening crankshafts for gasoline and Diesel engines from 12 hours to less than five minutes.

Electronic eyes and ears automatically test and inspect the finished product, replacing human eyes and ears.

As the result of the use of plastics, machine tools which formerly took several weeks to produce can now be made in four hours.

New presses handling sheet metal have greatly increased capacity and require less men to handle them. For example:

at Lockheed, two presses of combined capacity of 7,000 tons required 20 men to handle 12,000 parts. At present, a single 250-ton press handles 20,000 parts with five men.

A new milling machine accomplishes in two hours and twenty minutes the work that was formerly done in 90 production hours.

These and many other innovations will increase the profits of the big corporations, for they will be able to obtain much more from the labor of each worker.

These are some of the tremendous material gains made by big business during the war, over and above the economic power they had gathered before the war broke out.

Their reserve and surplus hoard of capital is fabulous. They have under their control new plant and equipment alone equal to the entire industrial machine of Great Britain. The efficiency of industry, already the highest in the world, has been raised to new heights.

No wonder the corporate moguls are so anxious to consolidate their new power, and press for more.

This is by no means the complete record of the wartime gains of big business.

## II. BIG BUSINESS

We hear a great deal about free enterprise.

The National Association of Manufacturers swears by it. Every spokesman of big business, every reactionary and conservative politician, every defender of things as they are, and every Rankin grows eloquent in praise of this magic formula.

They consider it our great mission as a nation to protect free enterprise at home and spread it to the four corners of the world.

Whenever such people mention it, nine times out of ten they are sure to tag on other "freedoms," such as free competition, free trade, free access to markets and raw materials, and even the "free press."

These wonders are to cure the ills of the world.

At an earlier stage in our history "free enterprise" played its part in settling the vast expanses of our country, developing

our immense natural riches and building up our great industries. But the various economic freedoms glorified by the free-enterprisers are now largely a thing of the past.

In any real sense, these freedoms no longer play a decisive role in our country. If by free enterprise is meant the freedom to become a capitalist and to build up new enterprises, this has become so limited by the restrictions imposed by the trusts that small business has very little freedom indeed. If by free competition is meant the freedom to sell in an open market, this is today largely a figment of the imagination, so complete is the control of the market by the monopolies.

Still, twelve of the biggest corporations of the country represented on the top committee of the N.A.M., and every spokesman for the trusts want free enterprise. Whose free enterprise, and freedom to compete for whom?

They mean freedom for the trusts, with no interference from the trade unions, the people and the government. It is trustified "free enterprise" they are talking about.

They also call it "self-regulation of business," the right of big business to control itself, its rate of profit, investment, employment, wages, prices, level of production, mergers—in a word, the right to rule our country.

It is the duty of government, they say, to protect free enterprise. They use this term interchangeably with private property. They would convince the auto worker, with his few hundred dollars in war savings, that he enjoys the same sanctity of property as General Motors, with its one billion dollars in hoarded profits.

It so happens that during the war "free enterprise" America became even more trustified.

We have seen how the trusts fared during the war, in the way of profits, hoarded capital and the benefits of technique. They managed pretty well also in extending their control over the economy of our nation. By the end of the war big "free enterprise" was bigger, and little "free enterprise" was smaller.

The United States government put out more than \$400 billion in war orders. Out of this, at least \$300 billion went to 100 very large corporations, many of them linked together under a single control.

General Motors alone received well over \$10 billion in war contracts, and at least 100 new plants or expansions of old ones. Over one billion dollars in war plants was given the steel industry. The du Pont chemical trust, which also owns 23 per cent of the stock of General Motors, was presented with another one billion dollars worth of new plants, to which it contributed from its own capital only five per cent.

## CONCENTRATED PRODUCTION

Industrial expansion during the war took place mainly in the basic and heavy industries, which were already highly trustified in the best free enterprise style. The great expansion thus led to a corresponding increase in the concentration of production.

In 1937, one out of every four workers was employed in plants of over 1,000 employees. One-fourth of all the workers in American industry were employed in 978 plants each having over 1,000 workers. These are pretty big factories. But, of these, 241 plants each employed more than 2,500 workers, together accounting for one-seventh of all workers in industry.

This was already production on a tremendous scale, greater than in any other country.

As can well be imagined, this concentration was greatly increased during the war. By 1943, plants with more than 1,000 employees accounted for 45 per cent of all workers in industry. Almost half of all the workers were employed in the very big factories, mines and communications systems.

This is some leap—a doubling of the concentration of production!

Precisely these very large plants are controlled by the very big corporations. Furthermore, many of these giant enterprises are owned by a single corporation, which may also control many of the smaller factories. But even this, as great as it is, gives only an indication of the extent of monopoly in the country.

Let us understand what this means, before we look into some other aspects of monopoly.

If almost half the industrial workers of the country are employed in the very large plants, this means that much more



than half of industrial production is concentrated in these giant enterprises. For the big plants enjoy all the advantages of mass production, technical innovations, command of raw materials, easy access to transport and markets, as compared with the smaller plants.

Since monopoly means in the first place control of production, every increase in concentration means an increase in the power of monopoly.

An indication of what this means today, after the war expansion, may be obtained from some studies made before the war by a government committee, the Temporary National Economic Committee (T.N.E.C.). In one of their numerous investigations they made a special study of almost 2,000 products to determine to what degree their output was determined by the big companies. This study included products ranging from heavy machinery to many consumers' goods, including processed foods, and covers a cross-section of the whole economy.

This was the result: 75 per cent of the output of more than half the products was controlled by *four or less* of the leading companies in the field. There could be no question but that these few leading firms enjoyed a clear monopoly.

But a more accurate measure of monopoly is given by still another figure: Three-quarters of all products were controlled to the extent of 50 per cent or more by the four leading producers. Put in another way, we can say that at the very most no more than one-fourth of the products manufactured in this country remain outside the direct controls of monopoly.

Even this is the very minimum extent of monopoly control. With less than one-half of the physical control of production it is possible for a few big companies to dominate the field, especially when the remainder is divided among many smaller firms. And when a few companies dominate the most decisive branches of industry—such as steel, machinery, light metals, railroads, etc.—their influence extends into other industries which depend upon them for supplies or services.

Today, after the concentration of production had been doubled during the war, especially in the basic industries, direct monopoly control of output is much greater.

## CENTRAL CONTROL

In addition to the concentration of production we have the centralization of ownership and control. The corporate system is the mechanism through which whole industrial empires are brought under the control of small power groups at the top.

A few years ago James W. Gerard, formerly an Ambassador to Germany, made the sensational statement that sixty families rule America. A study of these families showed that through intermarriage and business connections among themselves they formed the real inner circle of the capitalist ruling class. Through various devices, a relatively small group maintained effective control over the whole system.

With painstaking research, Anna Rochester showed in her book, *Rulers of America*, how the effective control of the whole corporate structure is centered in a half dozen principal finance-capitalist groups.

By tracing the intricate network of cross-directorships between the large banks and the industrial corporations, she revealed that the Morgan group controlled or had an important influence in 444 companies—including banks, utilities, railroads and industries. The total assets of this empire totalled \$77.6 billion, not counting 82 companies whose assets were not reported.

In the same way, the influence of the Rockefeller group reached 227 companies with total assets of \$44.9 billion, plus 61 companies whose assets were not reported.

These and the other leading power groups expanded their holdings during the war on a grand scale.

One cross-section of this system of control can be illustrated in connection with the six big corporations which led the post-war drive against the unions. The chief companies involved directly in the first big wave of strikes after the war are General Motors, U. S. Steel, American Telephone and Telegraph, General Electric, Westinghouse, and Western Union.

The Morgan and Rockefeller interests are the two main power groups which control these corporations. This is the way it works:

Directors of J. P. Morgan Co. sit on the boards of the U. S. Steel Corp., General Electric and General Motors. Thomas W. Lamont and Arthur M. Anderson, chairman and vice-president respectively of the Morgan Co., are also among the directors of U. S. Steel. President George Whitney of J. P. Morgan Co. is a director of General Motors, while Morgan director Alfred Sloan is chairman of General Motors. Another Morgan vice-president, Charles Dickey, is a director of General Electric.

The First National Bank of New York, which is counted within the Morgan circle, looks after American Telephone and Telegraph, the biggest wire monopoly in the world. First National director Walter S. Gifford is president and First National Chairman Samuel A. Welldon is a director of the communications trust. Myron C. Taylor appears as a director of A.T.&T., First National and U. S. Steel. President of General Electric, Charles E. Wilson, is a director of the Guarantee Trust Co., which is a Morgan bank.

Another stream of control flows from the Chase National Bank of New York, a Rockefeller institution. Its president, Winthrop W. Aldrich is a director of A.T.&T. and of Westinghouse. Two other Chase directors sit on the board of A.T. & T. Aldrich and two additional members of the Chase board are directors of Western Union, one of them, Newcomb Carlton, serving as Honorary Chairman. Chase's Andrew W. Robertson is chairman of Westinghouse.

These connections do not include the many subsidiary companies of the six industrial corporations. Nor do they take into account the other empires, linked either with the banks or the manufacturing companies, such as the du Pont chemical trust which owns almost one-quarter of General Motors.

They do show how the Morgan and Rockefeller interests, no matter what differences may exist among themselves, are able to set a policy for the companies spearheading the conflict with labor. These six companies have total assets of over \$10 billion and employ directly over one and one-half million workers. But they attempted to set the level of employment, the conditions of work and wages of labor, and prices for all industry.

The big banks, themselves representing colossal accumulations of capital, serve as a sort of central control station through which the whole corporate network is integrated. And in this field, too, there is great concentration. By the end of 1944, the 20 largest commercial banks held deposits totalling \$39 billion, or 28 per cent of all funds deposited in the nation's 14,500 banks. In addition, the great insurance companies command tremendous resources.

As can be seen, the "free enterprise" trusts, many of them linked closely together, control *directly* the overwhelming sector of the American economy.

## CARTEL CONTROLS

In addition, the monopolies also influence and control the so-called free sector of the economy, that portion which is not trustified. Basic industry being almost entirely under their control, and with many other branches of industry and commerce dominated by them, the trusts can determine the policies to be followed by the lesser producers.

The trade associations, which exist in every major branch of industry, act not only as a medium through which the big fellows settle things among themselves. They serve also as a channel through which the trusts bring the smaller concerns into line on labor policy, prices, production and other matters.

These trade associations are really cartels, controlled by the dominant trusts in each field.

At the top of the whole structure of trade associations stands the National Association of Manufacturers. Through its various state associations and other bodies, N.A.M. includes in its membership probably four-fifths of all manufacturing in the United States.

As big business grows, small business is increasingly stifled and forced out. From 1919 to 1939, for example, 95,020 corporations disappeared from industry and commerce. During these twenty years the recorded mergers in manufacturing and mining show that 9,518 companies had been swallowed up by big business. In public utilities, as the result of mergers—involving over a thousand companies in 1926 alone—about

one-half of the industry was in the hands of three controlling groups by 1930.

During the war, things went from bad to worse for the very small firms. According to a Senate Committee, nearly 500,000 or one-sixth of all businesses were forced to close down during the war. Commercial firms were hardest hit, but many smaller industrial companies, unable to obtain either war contracts or materials for production of consumer goods, closed their doors.

This, then, is the face of "free enterprise" in the United States. It is predominantly big, giant enterprise. Monopoly has taken the place of free competition, although competition among the trusts remains. Our country is ruled by a well-entrenched oligarchy of finance-capitalists.

### **III. WORLD TRUSTS AND CARTELS**

During the war the United States produced more munition and manufactured goods than the rest of the world combined.

It was the only major country which increased its output of consumers goods as well as of materials for war.

In addition to vast exports of Lend-Lease goods, the commercial exports of the United States approached the pre-war level by the end of the war.

Big business did not forego a single opportunity even during wartime to extend its interests abroad, among the neutral as well as Allied capitalist powers.

New assembly plants, communications and transport systems, air fields scattered over all the continents are to be converted to peacetime expansion, except for those retained by the Navy and Army.

The holdings of the American trusts in neutral and allied countries were greatly expanded for war purposes. Before the war, General Motors, for example, had seven complete manufacturing plants in foreign countries, 16 assembly plants and a world-wide network of warehouses and branch offices. These

had a total of 56,000 employees. General Motors held a big share of Canadian, British and German auto production.

The big Opel works in Germany was written off the General Motors books—temporarily. But in Britain, Canada, Australia, Egypt, India and South Africa their plants were fed with U. S. government-financed equipment and materials, and greatly expanded.

This was true also for other American trusts with holdings abroad, especially those like Standard Oil, Anaconda Copper and others that handled raw materials, transport, communications, utilities. Every opportunity was utilized, including the weakness of some of the Allied powers and the difficulties of the smaller nations, to expand American corporate interests everywhere.

## GOOD NEIGHBOR TO OUR ALLIES?

Many countries were economically made more dependent upon the United States. Let us take Mexico as an example, typical for many Latin American countries.

Between 1939 and 1944, imports from the United States rose from 66 per cent to 90 per cent of Mexico's total imports. The share of her exports going to the United States rose from 74 per cent to 85 per cent. That leaves very little room for other countries. Mexico has become practically an economic colony of the United States.

Should you think that Mexico gained very much from this close connection, let us see who benefited from this trade. Most important of Mexico's exports are minerals in various stages of processing. But at least four-fifths of her mineral and well over half her metal industry is controlled by North American capital.

Perhaps the investments of the United States trusts in Mexico developed national industry? Inquire of the Mexican industrialists, and they will tell you the following:

Much of the new capital going into Mexico creates new industry only to a limited extent. Instead, the North American capitalists prefer to take over existing domestic industry, as they did with the artificial silk industry.

As Mexico developed some of her own industries, the United States trusts began to dump their products at low prices, although these products were short and needed for the war. A foundry to process manganese ore was forced to close down when the Mexican market was suddenly flooded with manganese ingots from the United States. In the same way, the new foundry at Monclava was forced to cease the manufacture of centrifugal iron tubes.

Mexico's Central Bank complained bitterly about the "interference by private interests opposed to the process of national industrialization."

This is one aspect of what happened during the war, not only in Mexico but in many other countries.

This is what is meant when our government presses for the principles of free enterprise, free trade, free press, free competition and free access on a world scale. These so-called freedoms mean in practice the freedom of the United States trusts to take over raw materials, markets and industry in other countries. This is essentially the economic program of the Administration.

## PRIME IMPERIALIST POWER

The United States emerged from the war in many respects stronger than any other capitalist power. The greater portion of the industrial capacity of the world is concentrated in this country. The United States is the greatest workshop, the premier banker, the largest trader and the most powerful naval and air power. Most of the other leading nations, victors as well as vanquished, have been greatly weakened.

Up to World War II, the United States did not develop to the utmost all its potentialities as a dominant power. Now, after the war, it is actually and in a very active way the prime imperialist power in the world. The wartime developments in aviation and other weapons have improved not only the military power but also the strategic position of the United States.

For the first time in our history, the military might of the country corresponds to its economic power.

And this occurs at a time when the wartime growth of the trusts and the weakened position of all foreign competitors have resulted in a new phase of imperialist expansion. The American trust moguls now feel themselves powerful enough to compete successfully with the major trusts of all other countries for the possession of raw material sources, markets and industries in many parts of the world.

This expansionist tendency gathered strength during the whole war period. When the war was over it burst forth with startling force.

Big business rushed to take over what it could within Germany and Japan, and to seize foreign holdings of the German and Japanese monopolies. It barged into the weakened British Empire and smaller empires to expand the American monopoly interests there. It sought to extend its position in Latin America, to establish an exclusive domain in China, to broaden out into Europe and Africa.

It is a mad scramble for loot, in terms of properties, markets, materials and spheres of influence.

This reckless drive of the trusts, taking advantage of the more powerful position of the United States in a weakened world, found expression in the foreign policy and diplomacy of the Truman Administration.

Armed intervention in China, support to the colonial powers in their drive against the independence movements, the arrogant exploitation of the atom bomb secret, the support to reactionary forces in Europe and Asia, the insistence upon seizing and maintaining strategic bases in the Pacific and on many continents, the sharp anti-Soviet direction of policy—all this and more reflect the expansionist, imperialist policy of the great monopolies dominating America.

## THE MAIN DIRECTION

Fortunately, the forces making for reaction and war on a world scale do not have complete freedom of action. They meet many rebuffs.

At home, the drive of the corporate oligarchy against the living standards of labor meets with the serious resistance of



the trade unions and the people. A great progressive outcry, including even the soldiers in service, was raised against the interventionist policies abroad.

The Soviet Union is obdurate in its fight for peace and in its support to the forces of anti-fascism. The Soviet system has withstood the supreme test of war, emerging with a greatly strengthened social system and with unparalleled prestige among the peoples of the world. The democratic and Communist movements in Europe, the liberation forces of Asia and of the colonial world block the way to American imperialist expansion.

Nevertheless, we must see without illusion that American imperialism has entered upon a new expansionist phase. Its main direction is clear: to smooth the way for the control of world resources and trade by the American corporations, and to build up the necessary strategic and political positions to further this objective.

The movements in opposition to this at home and abroad force this policy into various twists and turns, make it tack against this or that counter-current. But let us not mistake these twists and turns for the real substance of the policy.

The home front is a part of the world front, in peace as in war. The billionaire-corporations want freedom of action at home as they do abroad.

The colossal power of big "free enterprise" is the source of the present aggressiveness of the trusts in their dealings with the American people and the peoples of the world.

It does not come from the American people. It is not of our making, it is not our wish.

## **IV. WARTIME SIT-DOWN OF CAPITAL**

The political power enjoyed by the trusts correspond to their control of the country's economy. This can be shown by the policies adopted by big capital during the war and in the reconversion period.

It is a well-known fact that the trusts would not convert their industries to war on the scale demanded by the gigantic conflict until they were satisfied that the war economy would be run on their own terms.

Naturally, they knew quite well what tremendous profits were to be reaped from war industry, and they had no intention of foregoing them. Since they were in effective control of industry, the monopolists felt they could blackmail the American people by delaying conversion until they had won what they wanted.

Notorious examples are the long delay in the conversion of the auto industry, the resistance of Mellon's Alcoa to increasing aluminum production, the refusal of Standard Oil of New Jersey to turn over to the government its patents on synthetic rubber.

Evidence uncovered by the various Senate committees revealed the close cartel ties between many big American corporations and the German trusts, like I. G. Farben, the steel combine and others. The mass of evidence before the Kilgore Committee on the collusion of American monopolists with their German cartel partners to withhold essential processes and materials from the war effort is sufficient to convict some of them before any fair-minded court of treason to the nation.

There were also many among them who were opposed to the complete defeat of Germany if this would mean victory for the Soviet Union as our major ally in the war.

These considerations played their part in the sabotage of the war effort. But once it became clear that the country would enter the war the main concern of big business, regardless of its attitude to the politics of the war, was to assure itself the fullest possible gain. A government investigating committee (I.N.E.C.) described the attitude of big business to the war conversion as follows:

"Speaking bluntly, the government and the public are 'over the barrel' when it comes to dealing with business in time of war or other crisis. Business refuses to work, except on terms which it dictates. It controls the natural resources, the liquid assets, the strategic positions in the country's economic structure, and its technical equipment and knowl-

edge of processes. The experience of the World War, now apparently being repeated, indicates that business will use this control only if it is 'paid properly.' In effect, this is blackmail, not too fully disguised."

## "PROPER PAYMENT"

First, war was to be a highly profitable venture. The "cost plus" provisions of the war contracts guaranteed the trusts a high rate of profit, and also permitted them to write off and charge to the government their own investments in new plant, high depreciation of their old plant and other items, before taking their percentage of profits. In this way they piled up huge hidden profits which could not be taxed.

Then, through the Little Steel Formula, they succeeded in restricting wage rate increases to an average of 15 per cent over a period when living costs rose by at least 40 per cent, and their own profits were skyrocketing.

In the tax steal, which we have already described, the corporations obtained a government guarantee that they would lose nothing during the period of reconversion after the war.

The trusts resisted every expansion of capacity, but once this took place they insisted that they control the new government plant. This was of greatest concern to the monopolists.

In the first place, they wanted to prevent the growth of government-owned industry, as a permanent thing. With themselves firmly installed as managers, the monopolists not only could pocket the profits from the government plants but could also control the processes and patents developed in the munitions industries.

They insisted upon and obtained the determining voice in locating the new plants with a view to deciding which were to be integrated into their own combines after the war and which were to be scrapped. With a few rare exceptions, they kept newcomers out, and guaranteed for themselves a continued monopoly in their own field. The trusts managed to keep firm control over new industries, such as synthetic rubber, which the oil, tire and chemical combines dominate.

Big business was no less insistent upon domination of the various government agencies concerned with war production and control. The Truman Committee of the Senate early in the war revealed that these agencies were largely dominated by dollar-a-year men, representing the large corporate interests. Later, many were replaced by salaried employees who were also men of the corporations.

Big business representatives also obtained key posts in the agencies concerned with foreign policy and economic matters abroad, such as the State Department, the Foreign Economic Administration, and others. As civilians or in uniform, they honeycombed the military governments in Germany and Italy, Allied Headquarters in Tokyo, and the numerous special missions operating abroad.

Only when these and other conditions were met, did the trusts call off their "sit-down" strike against the war effort.

## **V. RECONVERSION SIT-DOWN**

After the war came another "sit-down" strike by big business.

Here again the money magnates had no intention of foregoing the large profits of the first postwar boom. They were more firmly in control than ever, and only they could supply the vast domestic market for goods, without fear of competition from abroad. To prove it, they practically completed the reconversion of industry before they took the occasion of the workers' demands for wage increases to call their new sit-down strike.

The 30 per cent wage raise demanded by the C.I.O. would merely have restored the cut in take-home wages due to the shorter work week. It would not have covered the growing gap between wages and prices of necessities. It would not include the increase due the workers from the great rise in labor productivity.

The unions proved that the trusts could pay the increase originally demanded by the workers without cutting into their hoard of profits or their volume of profits expected from the boom. But the corporations at first refused to accept even the government compromise of slightly more than half the workers' demand. They held out, just as they had done in the conversion to war industry, until they had won some major points.

What were they really after?

## THE NEW ULTIMATUM

As always, the big employers want to maintain their high rate of profit, by keeping wages down. They would like to take full advantage of increased labor productivity not only by restricting wage rises, but also by cutting the working force. A large army of unemployed acts as a further drag on wages.

They would like to see the unions weakened by a long struggle. They want the unions hemmed in by security guarantees, anti-labor legislation and the revival of all the traditional methods, such as the labor injunction, police violence, use of the government as strike-breaker.

The trusts were also after other game. Before they would resume production the trusts insisted upon higher prices. They wanted all government wartime controls repealed, especially OPA. They wanted the final word on disposal of wartime surpluses, government plant and equipment, as well as the processes and patents developed in the munitions industries.

Despite wartime control of prices, these were at the usual monopoly level. Actually they had been determined by the trusts, with government sanction. What they wanted now was to increase their take of profits from the boom market by raising prices beyond the wartime level.

They also sought to break down all remnants of the wartime control system. They wanted to re-establish complete "self-regulation" of business, without any interference from the "outside."

As during the war, they were again opposed to any increase in capacity. In the well-established fashion of monopoly, they wanted to drain off the purchasing power of the domestic market at the greatest possible profit, by raising prices while keeping production at a minimum.

For this they wanted to control wartime technical advances, to prevent their use when it interferes with investment and profits. This meant unhampered control of patents and new processes. It also meant that the monopolies would determine the disposal of the government war plant, taking over such units as would be profitable and could be integrated into their combines, and scrapping others.

Besides, there is a long-range consideration that deserves close attention. Being stark realists by profession, the monopolists know that the postwar boom cannot last very long. Mass purchasing power has already been depleted by the indirect wage-cuts, high taxes on low and medium incomes, and the high cost of living.

Wartime savings are spread rather thin among the lower-income groups, and much of it has already been used. Lower real wages and unemployment will cut into purchasing power. It may not take more than two or three years, if that long, before the bottom drops out of the domestic market.

The political crisis in many countries is very sharp. It is intensified by the political conditions placed by the United States upon loans and exports, with the objective of bolstering reactionary forces abroad. In any case, an expansion of exports cannot take the place of the rich American market, which is the mainstay of the world market.

While anxious to exploit to the full the immediate boom market, the trusts are also preparing for the crisis that will follow. They want to come out of the boom with even greater resources than they had at the end of the war.

When the boom is over, the monopolies want to be in a strong position to determine the course to be followed at home and abroad.

# VI. THE CRISIS OF TOO MUCH

A great expansion of production normally gives rise to an economic crisis. Every boom builds up within it the elements of a crash, as is shown by the whole history of capitalism.

Each crisis, however, has its special characteristics, depending upon the nature of the expansion which preceded it, and upon many factors of the world market of which our country is so great a sector.

## ELEMENTS OF A CRASH

The United States is noted for the special severity of its crises. During the Great Crisis of the thirties, for example, industrial production fell in the U.S.A. by 46 per cent between 1929 and 1932, as compared with 27 per cent for the capitalist world as a whole.

This tendency towards deeper crises in the United States than in other countries arises from certain special features of our industrial development. These are chiefly three: the magnitude of production, its great volume as compared with other countries; the higher productivity of labor; and the high level of monopoly.

These elements have been intensified during the war. The great wartime expansion of industry, and especially basic and heavy industry, has led to the accumulation of all the factors making for a great crash.

During the war years, the volume of industrial production increased about 120 per cent—faster than at any previous period in American history. The rate of increase was double that of the first world war.

Furthermore, this expansion took place almost entirely in the heavy goods industries which supply munitions and in the industries specially expanded for war, like aircraft, shipbuilding, explosives and light metals. The latter industries, which employed over one-fifth of the labor force in 1944, were greatly

contracted as soon as the war was over. The other munition industries, such as steel and chemical, employed another 40 per cent of the workers.

These are the producers' goods industries, as distinguished from the consumers' goods industries. Their level of production and employment determines the ups or the downs of the American economy. As a whole, these industries when reconverted cannot find a market anywhere near equivalent to the government purchases during the war, amounting to about \$90 billion annually.

We have already seen how the productivity of labor increased during the war and how it will continue to rise, perhaps even at a faster pace. The effect this has upon employment and purchasing power can be shown by a simple comparison.

While the volume of industrial production increased by 120 per cent between 1939 and 1944, the number of workers in industry increased by only 60 per cent. Part of this gap is due to the longer work week, which accounted for about 20 per cent of the increased production. The remainder is due mainly to the higher productivity of labor.

According to the Department of Commerce, if the level of production were to fall to the 1940 level, which was a rather high production year, there would take place a 30 per cent drop of output from the wartime level, resulting in 19 million unemployed as compared with nine million unemployed in 1940.

Increased productivity is not the direct cause of crises. By permanently displacing labor, it has the effect of hastening a crisis and deepening it when it comes.

Monopoly also operates to hasten a crisis, prolong it, and slow up recovery. We have already seen what a gigantic accumulation of capital was piled up by the trusts during the war years. This has been withdrawn from the mass purchasing market. To what extent this capital will be used for new investments in production is determined not by the will of many hundreds of thousands of producers, but by the policy of a small group of monopolists.

Monopoly hinders maximum production under all circumstances, whether it be during an upswing or a downswing



of the economy. It raises prices rather than production during an upswing. This has the effect of retarding an upward trend in production even in the presence of a great demand for goods. It lowers production while maintaining prices during a downswing. This has the effect of accelerating a decline in production as soon as the market begins to contract. Monopoly also acts as a brake on recovery from a crisis, by raising prices as soon as purchasing power increases.

Due to the leading role of monopoly in the American economy, these factors play a vital role in shortening the boom period and hastening the cyclical crisis. The role of monopoly in limiting the purchasing power of the people through indirect wage-cuts and high prices can be seen clearly in the current wage fight.

## THE SPECIAL BOOM

A crisis of overproduction did not follow immediately upon the wartime expansion because the latter was of a special kind.

During the war, production was centered on munitions. Full employment and the full use of industrial and raw material facilities created a large mass purchasing power. Much of this was stored up, since the industries devoted to war could not produce many consumers' items, particularly of the heavy type, such as autos or frigidaires. Nor could the production of lighter consumers' goods keep pace with the greater demand.

This situation results in a boom of short duration. It will last just as long as it takes to expend the wartime savings of the people and the additional purchasing power created during the boom. This temporary boom can delay for a while the crisis of overproduction; it cannot prevent it.

During the boom period, with the exception of a few branches of industry, the level of production is already much below the wartime peak. Real wages continue to decrease, while unemployment grows. When reconverted industry again gets fully under way, new elements of crisis accumulate, as during the wartime expansion, without in any way solving the problems created by the great over-expansion of the producers' goods industries during the war.

A number of factors operate to cut the boom period short. How this is affected by higher labor productivity, monopoly, high taxes on the people, lower real wages and unemployment has already been mentioned. In addition, purchasing power is cut even more drastically by the inflation of prices, affecting not only the more expensive items but especially the necessities of life.

Besides, wartime savings are not as widely distributed as is commonly supposed. At least two-thirds of all war bonds are held by corporations, banks, life insurance companies and other institutions. Of the remainder only about \$12 billion are held by the lower income groups, and much of this has already been called upon to meet current living expenses. Only families with net incomes of over \$3,000 annually, or 42 per cent of all families in the United States, have a backlog of savings which will provide that additional purchasing power for the boom.

After the boom will come the crash.

## VII. A WORLD CRISIS

This will not be an ordinary economic crisis. If it strikes full force, without any counter-action by the government to cushion the shock, it is likely to be more severe than the crisis of 1929-1933, which was the worst experienced up to that time.

It will be recalled that the crisis of the thirties differed from previous crises not only in its intensity and in the involvement of all capitalist and colonial countries. It also had tremendous political repercussions, in the rise of Hitler Germany and the preparations for wars of aggression.

The coming crisis is gathering in the midst of a sharp political crisis of world proportions. Many nations still have a long way to go before recovering from the impoverishment caused by the war. The peoples of Europe are deeply engaged in a struggle to uproot the remnants of fascism and to develop and strengthen their new democracies. A struggle for independence rends the whole colonial world.

While the United States has grown stronger as an imperialist power, world monopoly capitalism as a whole has been considerably weakened by the war.

The big defeated powers are for the time being prostrate. Among the victors, Britain has been seriously weakened, and its empire is under heavy attack from the subject peoples. Lesser powers like France, Italy, Holland and others are even in a more desperate position.

In a number of countries, the series of crises and wars of the past quarter century has weakened the very foundation of monopoly capitalism. Great social and political struggles are in progress to remold these nations, in which the working class plays the leading role.

Furthermore, the economic crisis is approaching at a time when the two biggest imperialist powers, Britain and the United States, tend more and more to return to the pre-war policy of attempting to isolate the Soviet Union, a policy which proved so disastrous to the world. Despite the sharp economic differences between these capitalist powers, the tendency to form a common bloc against the Soviet Union has again come to the fore.

These factors increase the political crisis, sharpen the conflicts throughout the world, increase the tension of world relations, hinder or prevent a peacetime settlement along the lines of the Big Three agreements, and increase the danger of a new world war.

A generation which has lived through one economic catastrophe and two world wars, the last of which aroused great democratic aspirations, will not go through another major crisis, even more fearful than the last, without seriously challenging a society which keeps generating crises and wars.

If during the years following the first world war the armed intervention against the young Soviet republic aroused such great opposition among the working classes of the world, today, after the great wartime achievements of the Soviet Union and in the midst of popular upheavals in Europe and Asia, moves in a similar direction would arouse universal resistance.

Another great economic crisis, particularly in the midst of the sharp political situation, would present in glaring contrast

the benefits of socialism as compared with capitalist depression. During the last crisis this contrast was already very marked, although the Soviet Union had not yet completed even the First Five Year Plan, and the country was still far behind the other big powers in economic development.

Even then socialism had already demonstrated its great advance over capitalism, in the elimination of unemployment and crises, in its ability to raise the level of economic development rapidly, and in its stimulation of the national and cultural growth of the peoples of the U.S.S.R.

While the capitalist countries, especially the United States, were plunging downward at a rate unexcelled in the past, the socialist economy was developing at a rate which has not been equalled by any country until the late war.

During the next crisis, unless it is short-circuited by another catastrophic war or major preparations for war, the contrast is likely to be even more striking. The postwar Soviet plan, running until 1950, sets goals that go beyond the tasks of reconstruction to include general economic development exceeding the pre-war level, and to provide higher living standards for the people.

If a crisis in the United States follows its accustomed course, it is even possible that during the crisis the Soviet Union will overtake the United States not only in its general level of production but also in its production per capita of population.

It is clear why the big trusts, once the boom is over, want to be certain that they are in a position to determine the main lines of policy for our country. While exploiting the boom market for all its worth, they are also making preparations for the crisis.

## THE TRUSTS PREPARE

Their first concern is to shift the main burden of the crisis upon the backs of the workers and the people, while strengthening their own position.

In their resistance to this, the workers seek higher wages, the shorter work week, extension of social insurance, curbs and controls over the trusts, extension of public works and govern-

ment enterprises, and other measures which will have the effect of delaying the crisis, cushioning the blow when it comes, and hastening a recovery.

While a crisis is inevitable, it is not inevitable that the workers and the people bear the full brunt.

Another great concern of the trusts is to seek to extend their markets and spheres of influence abroad as much as possible before the crisis strikes. This has a twofold effect.

Since such an expansion takes place at the cost of other imperialist powers or of the democratic rights and national sovereignty of other peoples, it intensifies all the elements of political conflict, and threatens the peace of the world.

The other main effect is to extend the world scope of the crisis when it comes in the United States. For as the American corporate interests penetrate abroad, they tie an increasing number of other countries to the American economy. We have seen how this works out with regard to Mexico.

Because it includes so much of world production and the world market within its own borders, the United States already is the determining influence in the economy of the whole capitalist world. Additional expansion extends the circle of this influence. The result is that when a crisis comes in the United States it will draw down with it a much larger sector of the world economy. And this will in turn deepen the crisis in the United States.

Still another main concern of the monopolists is to make political preparations for the crisis. This takes a number of forms.

Military power assumes a very important role in these preparations, for the next crisis is approaching in the midst of a world political crisis which is already very sharp. The armament program of the United States already includes the maintenance of the biggest navy in the world, a powerful and up-to-date air force, a sizeable standing and reserve army, the storing up of atom bombs and further experimentation with new weapons, and a far-flung network of strategic bases.

Political preparations at home are directed to encouraging and nourishing all those forces which can be counted upon to oppose the popular resistance to the offensive of the trusts.

One of the first considerations of the trusts is to eliminate from the government and its various branches such peoples as are responsive to popular pressure. All restrictions upon the freedom of the trusts are to be removed. A government fully responsive to the demands and needs of monopoly, that will grant to the people only an absolute minimum of concessions, that can be counted upon to break strikes and ignore or suppress popular protest, is the heart's desire of the oligarchy.

This struggle by the monopolies for unchallenged power over the country, a struggle which must be waged against the workers and the people, gives rise directly to the threat of fascism. The growing use of police violence against the people, coupled with reactionary and repressive legislation, are advanced symptoms. Simultaneously, the fascist groups are protected and encouraged at home as they are in the defeated Axis countries.

As long as the old tweedle-dum tweedle-dee game with the two major parties proves profitable, it will be played. But a crisis always raises the danger that the large middle-class and farm support of these parties, not to mention their more independent working class supporters, will be lost to new third-party movements. To sweep this mass disgust with the old system and the old parties into dead-end alleys, to turn it with the use of bigotry and race prejudice against the democratic movements, becomes the function of the fascist demagogue.

A crisis will arouse the deepest anti-capitalist sentiments among the people. It will lead to a great outcry against the monopolies and to demands for action against them. The monopolists and their political forces are now preparing for such a contingency by their attack upon the democratic movement and their support to the most reactionary and pro-fascist political groups.

Thus, as can be seen, every major step now being taken by the trust magnates in preparation for the crisis that will follow the boom, has the effect of hastening that crisis and of building up the forces of reaction, fascism and aggression.

## VIII. TOO BIG FOR OUR SKIN

If we look ahead a few years beyond the present boom atmosphere, it is not because we are unaware of the present dangers to peace and democracy. Nor do we think it inevitable that the present owners of America will have their way with the nation. But it is necessary to have a perspective, that goes under the surface of things and permits one to see beyond one's nose.

The fact is that capitalism, and more specifically **American capitalism** as it now stands after World War II, is reactionary and aggressive. Forces have been unleashed in this country that threaten the people with a new round of crisis and war.

In fighting this thing from day to day and in all its aspects, we must also see where we are heading. Every fight that obstructs the reactionary drive and builds up the people's strength is a step in the right direction. It is through these struggles, especially those which arouse independent political action by the workers and the progressives, that new contingents are set into motion against monopoly.

We will be better fighters, and have a much better chance of winning, if we also understand that the present owners of America are not in permanent possession. What they have taken from the people will be returned to the people.

### ADVANCE TOWARD SOCIALISM

Mass production, the high level of technology, the growing productivity of labor, the great development of our productive forces, are permanent achievements. They can be the wherewithal to lighten the burden of labor, to raise the living standards of the whole people, to create new opportunities for mass culture and education, to help weaker and economically backward nations to develop rapidly.

Monopoly misuses these achievements. Through the appropriation of our great industries and the product of labor, mo-

monopoly turns them to its own profit. It acts as a drag upon the further development of technique and hinders the use of the great scientific advances for the benefit of the people.

Monopoly capitalism also turns these great achievements into weapons against the people. Under this system, the concentration of production becomes the foundation of private monopoly. Technical advance and labor productivity become instruments for the greater exploitation of labor and for the creation of permanent unemployment. Every expansion of production is the prelude to a crisis.

The concentration of production, the development of technique, the greater productivity of labor are not the source of our difficulties. The source of our trouble lies in the private appropriation of our great productive machine and of the products of our labor.

We cannot retreat to the former period of free competition, a capitalist society without monopoly. Imperialism, the present stage of monopoly capitalism, is not a policy; it is not a program from which can be eliminated that which is undesirable and to which can be added what the people want. It is capitalism at its highest and also its last level of development. Crises of devastating proportions, fascism, war are the natural properties of monopoly capitalism.

We cannot go backward, except as Hitler Germany went backward to its own destruction. But we can go forward toward Socialism.

In fact, the whole condition of our society, the growing crisis within it, impels the nation to find a solution in socialism. Considered over a period of time, every new advance of the productive forces of capitalism deepens the crisis of the system. The productive forces have become too tremendous for the capitalist relations of production, which restrict them, with the result that the inner tension of capitalist society constantly grows sharper.

## SCIENCE AND SOCIETY

The new and great scientific discoveries made during the war illustrate this.

First, let us understand that scientific discoveries are a so-



cial product. A few great scientists, working singly or in groups, may make a discovery as the result of long and patient work. Nonetheless their product is the result of social labor.

The scientist works with a heritage created over centuries by men in many countries. The level at which they work is determined by the sum total of our scientific and technical advance, which is the contribution of society as a whole. Their laboratories, their instruments, the capital for their experiments, the leisure for the acquiring of knowledge, the productive machine to which their discoveries are applied—all this is the product of social labor.

Like labor power and the products of industry, the results of scientific work are also considered a commodity, to be sold when profitable, to be stored away when unprofitable. The great monopolies are in a position to determine this, and to exploit science for their own profit, for they command the field of science as they command production.

There is no better illustration of the social nature of science and of its crisis-provoking aspect under capitalism than the great discovery of how to harness the energy released by the splitting of the atom.

This was a highly cooperative venture. Thousands of scientists from many nations were called upon to participate. It was organized as a great government enterprise. The latest techniques, the most complicated machines, the highest skills, and tremendous resources were placed at the disposal of the scientists. The necessities of war provided the stimulus, producing this unique utilization of government power in the field of science. It shows what can be done by public effort.

Yet, the discovery was met with universal dismay. When the first atom bomb fell on Hiroshima it produced a pall which still hangs over the whole world. It was the destructive, and not the constructive, possibilities of atom energy which impressed everybody.

The scientists who produced this thing were perhaps more alarmed than the rest. They appreciated fully the destructive power of the discovery. Like others, they also saw how it was immediately exploited in Big-Stick fashion by the American

government in an attempt to impose its own will upon the world. /

Many also are aware, and especially the scientists engaged in the project, that the application of atomic energy for constructive, peacetime purposes stands little chance of rapid development in this country. With the war over, the big monopolies would again lay their heavy hand upon science, and appropriate atomic energy.

As with other government projects during the war, the monopolists had also managed to get in on the ground floor of the atomic experiment. They had placed many of their scientists and research facilities at the disposal of the project, and, as usual, they intended to obtain full return. Among others, the du Pont chemical trust, working closely with the Army, was deeply involved from the beginning.

As far as peacetime application is concerned, free research no longer exists. Atom bombs are being piled up in American arsenals. Whatever new processes are developed for peacetime use, will be largely controlled by the monopolies, either to be locked in their vaults to prevent their utilization when it interferes with existing investments, or to be used only on the terms they desire.

In time they will be forced to employ atomic energy by competition from uncontrolled countries abroad. But this will increase all the elements of crisis in our society. A widespread use of atomic energy even only in the field of power would involve great monopolized industries such as electric power, oil and coal, and affect every industry. It would threaten additional millions of workers with unemployment. It would create disturbances reaching into every phase of our social structure.

Once the technical and scientific problems of applying atomic energy for peaceful uses are solved, the Soviet Union is the only country able to utilize this discovery on a grand and revolutionary scale. The old owners are no longer there to plague them. Private monopoly being non-existent, and the social means of production being in the hands of the people's state, it is possible in the Soviet Union to apply new dis-

coveries of this magnitude according to a central and over-all plan.

In our country the peacetime application of atomic energy can lead only to new strains and stresses, for it will result in a new spurt of our productive forces, while additional millions of workers will be thrown out of employment. In the arsenal of atom bombs is stored up an immense destructive power for war; in the form of atomic patents for industry are stored up the elements of a deep inner crisis.

## IX. A WAY TO PLAN

If only we could plan! If only we could transform our great economic power, in its present form a threat to ourselves and the world, into a source of universal well-being, security, democracy, peace. Then we could show the nations of the world, not in the way our atomic diplomats want to show them, but in the friendly, cooperative spirit of socialist competition.

If only!

If only the present owners of America, the usurpers of the people's property, did not stand in the way. If only we could overcome among ourselves all the divisions, prejudices, ignorance and illusions which stand in the way of unity.

The Soviet Union has shown the world what socialist planning can do. Sometimes it is forgotten that before you can plan in that way you must have socialism. We simply cannot take a plan, no matter how well prepared in all its intricate details, and impose it upon our present society.

We have elements of planning in the trustified industries, in the cartels, in the great trade unions, in various government controls. But these are only fragments of planning, pulling in opposite directions, devoted to different aims.

Planning in any real sense is possible only in a socialist society, after the whole productive economy has been taken over by the working-class state. Socialism cannot be draped like an evening gown over the gnarled body of capitalism.

The war has shown that it is possible to increase the elements of state planning for a given social purpose. It is also possible to win democratic reforms that will weaken the power of the capitalists and improve the political position of the working class, when capitalism within the country is weakened. This is shown by the nationalization of industry, the agrarian reform and other democratic reforms in a number of European countries following the war.

This is possible only as the working class and its democratic allies among the people are able to oust the most reactionary classes from dominant positions of power. Even this is not yet socialism, although democratic reforms of this scope cannot help but strengthen the movement for socialism.

It is also possible to carry through certain half-hearted nationalization measures without in any essential respect altering the dominant position of monopoly capital. In Britain, the Labor Party government is doing just that—in the name of socialism and state planning. The few nationalization measures they are slowly putting into force have the effect of rescuing the sick industries, restoring monopoly profits within them, and organizing the country for an aggressive fight for foreign markets.

The road to socialism is devious, and may be found in different ways in different countries. But the goal cannot be reached through the process of evolution or "revolution from above," within the capitalist state and the capitalist system of production, as the British "socialists" of the Labor Party leadership profess.

There is no shortcut to the enlightenment and organization of the working class, as the leader of the struggle for socialism. This may take place more quickly, in fact, with startling rapidity, under conditions of great crisis. But no matter how "ripe" a society may be for basic change, in the final analysis this change can be brought about only by a working class fully aware of its socialist mission.

# X. BECOME A COMMUNIST!

No one thinks of thanking the moguls of the trusts for anything. There is nothing to thank them for. But unwittingly they have done us a service.

They have established a highly centralized system of control over the key branches of the economy. This intricate network between the banks and the corporations has linked together whole industrial empires. It is a kind of central accounting system, through which it is possible for a small number of specialists to keep tabs on the workings of thousands of enterprises. The magnates are thus able through their control of capital to put their decisions into effect over vast areas of our economy. / "People's Republic of Walmart"

In this way they have simplified the *technical* task of returning the people's property to the nation. It is as if a gang of robbers had been caught with all their loot gathered in a single place. Once they are discovered it becomes a simple matter to return the property to its rightful owners.

But this particular gang of robbers also controls the forces charged with keeping law and order. They have at their disposal the state and its various institutions, including the army, the police and the judicial system which is sworn to defend the right of monopoly to accumulate the riches of the country.

The struggle is thus transferred to the political arena. It is a question of convincing the great majority of the workers and the people that socialism offers the only permanent solution for the ills of our society.

In addition to the unions, and other organizations, the working class must also seek a political form of organization, which will express their own class position in society and fight for their present and future interests as a class.

These interests can only be satisfied, as Karl Marx said, by "expropriation of the expropriators," the unseating of the moneyed usurpers and the return of their social property

to the nation as a whole. As the principal victim of capitalism, as the creator of the surplus values which the present owners of America have taken for themselves, and as the most numerous and most cohesive class of society, the workers are the leaders of the struggle for socialism.

The working class can play this role effectively as it becomes conscious of its own victimization and the real sources of the new dangers that constantly arise, and as it becomes aware of its mission to lead the nation to socialism. One can be angry at the greediness of the trusts, yet that anger remains futile unless it leads to a more complete understanding of our present society and of what needs to be done to bring socialism.

The political party that understands this, that knows how to pursue this aim through all the ups and downs of national and world affairs, that out of its own experience and the experience of other countries builds up the knowledge and the tactics for the struggle, is created by the working class itself.

It is the Communist Party.

Practically every country in the world has its Communist Party. It is the product of the working class within each country, yet each party draws upon a fund of knowledge and experience accumulated during the past century in all countries as the workers entered the political struggle.

How foolish it would be for the Party of one country to ignore the lessons of the struggle of the past in its own and other countries. How short-sighted it would be to fail to learn from the advances and the mistakes of the working class struggle elsewhere.

This struggle, taking place within each country yet international in scope, has produced its own body of theory, its system of thought, its body of strategy and tactics for various situations, its style of organization, its methods of work.

The working class has produced its great men of social science, who established the theory and practice of scientific socialism—Marx, Engels, Lenin, Stalin are the greatest among them. Each Party has this great common heritage to draw

upon, this accumulated experience of mankind, studied and analyzed from the viewpoint of socialism.

All this is of inestimable help. No Communist Party can get along without this knowledge, without this basic grounding in the principles of the movement for socialism. Each Party adds its own experiences, constantly learning from its mistakes as well as its successes in struggle.

Every Communist knows that his Party is indestructible, just as the working class is indestructible. He knows that setbacks are only temporary, that a Party may suffer great losses from reaction or as the result of the influence of capitalist ideas within its own ranks. But he knows that the Party will always rise again.

Even in our wealthy America, with its elusive abundance, all the possibilities, as well as the necessities, exist for the growth of the Communist Party into a great mass party, as in other countries throughout the world.

In these days of high-handed profiteering and the unbridled arrogance of the monopolists, the people will learn more quickly what the real score is. It will not take too long for them to see through the subterfuges of the Robber Barons and their assorted helpmates. They will distinguish more easily between the fakers of democracy and the real champions of democracy.

Yes, together we will win our strikes. We will build our unions, we will gather together to fight at every step and stage the forces of reaction, of fascism, of war-making. We will combine in a unity of action to defeat reactionaries in Congress and to elect progressives. Together we will seek to build up a great independent political movement that will contest the national election with the parties of the trusts. Not for one moment will we give rest to the usurpers, to the oligarchy which is bringing ruin to the nation.

But, also know that no matter what the present stage of the struggle, its final aim is socialism. Know that every gain, every advance that strengthens the forces of the working class and of democracy is a step toward socialism. This is the great

mission of the working class, yes, the American working class. And let no one question your patriotism, your loyalty to the nation. Join the Communist Party. As a Communist, you will be able to fulfill, in the deepest sense of the word, your responsibility as an American.



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