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# *Political Affairs*

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# '96 Elections: The Struggle Continues

National Board CPUSA

*Editor's Note: The article below represents a preliminary assessment of the elections. A fuller analysis will appear in next month's PA.*

Although the fact and figures require more study, it is clear that the outcome of the 1996 elections has presented a new context for the struggle for a better life for working families.

Despite the highly-financed campaign of the ultra-right Republicans, the use of deceptive and dirty tactics, and the record low turnout, the struggle to defeat the ultra-right danger has had a big impact. The fascist danger which emerged in the course of the Gingrich-initiated Contract on America drive of the 1992 mid-term elections has been checked for now. The ultra-right Republicans fell short of many of their major goals.

The 1996 election results have set the pace for the next steps in the struggle to meet the people's needs. Labor and people's forces operated in these elections on the "lesser of two evils" election tactic. Now it is time to challenge the "lesser evils" – the Clinton administration and the weaknesses of the Democratic Party to respond to the concerns of the electorate.

The greater mobilization of labor and increased unity of labor, African American, Latino, women, youth and senior voters was the key to defeating Dole and winning other races. It also showed the potential for greater independence and bigger victories in the future.

The role of the AFL-CIO in this election was nothing short of historic. Their \$35 million campaign, though dwarfed by what business spent on the Republicans, made a tremendous difference in the overall outcome. Without the labor movement the outcome of the '96 elections would have been far more negative – indeed it could have been tragic. With the financial and street muscle of labor and its allies it was possible to put the right on the defensive, defeat Dole, defeat 12 of the gang of 73, plus another half dozen of the most rabid GOP incumbents and nearly defeat 22 others. Besides defending scores of liberal anti-Contract incumbents and taking back a number of state legislatures from the

Republican right, they also forced an increase in the minimum wage. These are no small achievements considering that the well-financed and well-organized Republican right wanted to win all three branches of government by electing Bob Dole, expand their majorities in the U.S. House and in the Senate, while winning additional state houses as well. If that had happened the Contract on America would have been on the fast track toward total implementation.

Instead, the ultra-right Republicans though they won an increase in their Senate majority, were blunted in their overall efforts and remain on the defensive. Labor and its allies are in a better position to organize the fight for a more pro-labor, working people's agenda. The militant class-conscious forces for political independence have a new basis to go on the offensive on the legislative front and go even further to elect pro-labor, working-class candidates in the mid-term elections in 1988 and local elections next year.

These are some outstanding victories won against the ultra right:

- Rep. Cynthia McKinney of Georgia won overwhelmingly despite being forced to run in a newly redistricted 70 percent white district.

- Senator Paul Wellstone of Minnesota, the only incumbent member of the Senate to vote against the welfare bill and an unapologetic progressive was reelected despite a well-financed national effort to unseat him.

- Carolyn McCarthy of Long Island New York, (widowed by the train shooting tragedy) rejected the racist hysteria, and instead, changed from a life-long Republican to a Democrat, ran for Congress and scored an impressive win over incumbent Dan Fresa, one of the gang of 73.

- Dennis Kucinich winning the Congressional seat of millionaire Martin Hoke in Ohio after overcoming a vicious redbaiting attack.

- The defeat of Zimmer for Senate in New Jersey, Rep. Chrysler in Michigan, Gary Franks in Connecticut and in the State of Washington, the winning back of three of the six seats lost to the gang in 1992. These are just some of the defeats of members of the

gang. When seen along with the near defeat of a number of other members of the gang of 73 the outcome of the 1996 elections shows that it is more than possible to achieve total defeat of the ultra right in the future.

The Communist Party's policy in the 1996 elections was in harmony with the vast majority of working-class voters who came to the polls on November 5th. While we remain sharply critical of Clinton and the Democratic Party, we understood that the most important challenge in this election was to attack the main danger – the fascist danger coming from the far-right Republicans. And that is what we did. Our efforts continued even after the Republicans, sensing the mood among the electorate tried to hide Gingrich and other known extremists in their ranks. Our efforts like the efforts of most voters was to prevent them from expanding and solidifying their rule and implementing the entire Contract on America. While not completely won much of this was achieved.

A powerful winning electoral coalition was born in the course of this 14-month struggle. It was the votes of union households, African Americans and Latinos, united with working-class women, youth and seniors that made the difference.

**NEW FEATURES** ■ The greatest new feature in the national electoral scene is the role and nature of labor's participation. The fact that they didn't just endorse Democrats but entered the election with their own independent effort, finances, and program was new. The fact that they were called on by their leadership to vote not as Democrats, Republicans or Independents but rather "to vote like a worker" is a more independent stance than in the past.

Also new is the fact that a majority of women, who are the largest category of voters, consistently rejected the right in the polls and on election day and that a majority of Catholic voters voted against the right-wing Republicans despite tremendous pressure from their church on the abortion issue. The new emergence of the Latino vote is very important. Spurred on by the vicious attacks by the right on immigrants, it is reshaping the political landscape in important parts of the country. For example, the Mexican American vote is now a powerful force in Orange County, California, previously a right-wing stronghold. Like the growing African American vote in the deep South the Latino vote in alliance with other progressive forces can make real

advances.

While the racist Proposition 209 and the welfare bill was passed and Harvey Gant lost to the notorious racist Jesse Helms, this election was marked by a new level of grass roots anti-racist unity of Black, Brown, white and labor that is growing nationally especially in the deep South and in the far West.

The polls showed that the electorate had a higher level of resistance to ultra-right demagoguery in this election than in most recent campaigns. This is true despite some breaks at the end during the eleven-hour right-wing barrage from Perot (who emerged as the most rabid), Dole, and the Christian right.

For our Party, labor and the people's forces we must study why after the Republicans shifted their tactics, the Democrats in many cases didn't respond and actually put aside their right-danger attack. While Gingrich and other extremists were put under wraps, the Christian right, Rush Limbaugh and others carried out a stealth campaign. Would it have made the difference in close Congressional races?

Although economic issues were paramount in determining voting patterns, the election showed that following the Oklahoma city bombing of April 1995, the exposé of the intent of Gingrich and Dole to cut Medicare and Medicaid, the shutdown of the government and the church bombings, millions of Americans have come to view extremism as a basic threat to democracy. It was this fear of the right extremism that isolated Newt Gingrich, caused splits in Republican ranks and compelled millions of democratic-minded voters to reject the Republicans as a basic threat to democracy. These are very good developments which can be built on.

**COMMUNIST PARTY ON THE MOVE** ■ Our Party focused its energies in mobilizing and educating the voters on the key issues and bringing the danger of the ultra right to the forefront of the 1996 political agenda. Hundreds of thousands of brochures and leaflets were distributed at national conventions and demonstrations, in mass mailings to labor and community leaders and given out door-to-door and at workplaces. Our aim was to reach the majority with the message, "Vote as if your life depends on it."

From January primaries through the general elections we carried on a crusade in the pages of the PWW to alert labor and the people's movements to what was at stake.

We urged millions on syndicated talk shows across the country to vote and suggested who to vote against.

Our coalition relations were strengthened with labor and community forces because we worked shoulder to shoulder in this critical struggle to register and mobilize the majority sentiments into the voting booth.

While we choose not to run a national ticket for the presidency, we found a great reception to our local candidates. For example, Frank Soifer, who ran for Mayor of Eugene, Oregon, and David Mirtz, who ran for State Assembly in the Bronx, New York, built a base in the grass roots and showed the necessity for the Communist Party to run grassroots campaigns to give a voice for all who want a fundamental break from the Big Business domination of politics.

**DANGER FROM THE RIGHT REMAINS** ■ While there are some positive signs in this election and for the future, the danger from the far right remains. They have not given up the Contract and will surely use their new strength in the Senate and Clinton's current bipartisan appeal to advance their proposals. The passage in California of Prop 209 against affirmative action, and passage of welfare and anti-immigrant legislation are signs the racist danger remains a real threat. The battle against the right must not let up but must become better organized, more united and more demonstrative.

Those who voted are the most politically thinking people. But we must understand the vast majority who stayed at home as also an important part of the next steps in the struggle to build an independent political movement in the country.

The third-party initiatives in 1996 remained outside of the main arena to defeat the ultra right. The vast majority of people have great doubts about voting and the ability to change the direction of the two parties. Leading up to the elections, millions marched and demonstrated against the Contract on America. The Stand for Children, October 12th demonstration for Immigration Rights, the local budget cut actions and the AFL-CIO America Needs a Raise rallies in 500 cities are some examples. But we must examine why these sentiments were not fully expressed at the election booth on

November 5th. Our Party's aim was to move these majority class sentiments into the electoral arena.

After the elections, the ultra-right danger is in check. But the struggle against their program in the political, economic and ideological spheres must continue. That is the challenge for all the forces for political independence. How do we organize the mass pressure for setting a new legislative agenda with the new 105th Congress? Much strength can be drawn from labor's coalition-building efforts which fought and won the passage of the minimum wage law and defeated of the Team Act in the last session of Congress.

Yet our Party, labor and the people's movements must take a deeper look at how to reach the majority stay-at-home vote. We have to make new initiatives at election law reform to insure a more democratic electoral guarantee that pro-labor, working-class third party and Communist and left candidates can get elected. That is the big challenge.

Labor and people's forces have gathered a lot of momentum out of this election. The mandate of this election is to build a real bridge to the 21st Century by rejecting the Contract, stop the long-term decline in real wages, reject racism and come forth with a program for jobs, peace and equality. That bridge will be built with people's struggle for the passage of the Martinez Bill, in the fight against racism by the reversal of the welfare bill, stopping the attacks on immigrants and stopping the effects of Prop. 209. Building real political independence including prospects for a united third party is possible in the context of building a movement to save public education and against privatization, poverty and homelessness and for election law reform. If a positive "Bridge to the 21st Century" is to be built, let it be a bridge to peace, by cutting the military budget, withdrawing U.S. troops from around the world and rejecting the anti-Cuban Helms-Burton bill.

Mass protest and demonstrations are the order of the day. This is the surest guarantee that the right will not be able to seize the initiative. Let Clinton and the new Congress hear the marching feet of millions. Government must make a new progressive, pro-labor, anti-racist Contract with the people. This is our mandate of 1996. □

# Workfare: Wakeup Call to Labor

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Bill Davis

The recent New York City Transit Contract reopener included workfare workers being assigned to cleaners jobs which have been held by union members. A similar agreement between AFSCME District Council 37 and the Giuliani administration quickly followed. Leaders of both public worker unions claimed they obtained job security for members in danger of replacement by workfare or further contracting out of jobs and some assurance that workfare participants would move into permanent union jobs.

Many in the labor movement expressed open skepticism that anything was gained and strongly objected to what they saw as unprincipled acceptance of a forced work program which violates the human rights of participants and undermines the position of all workers and unions.

Workfare, a major issue in the debate of the Republican "Welfare Reform" bill passed by Congress and signed into law by President Clinton this year, has quickly become a serious concern for public workers, their unions, and the rest of the labor movement.

Workfare requires that welfare recipients perform labor to be eligible for assistance. It has existed, under a variety of names, for several years and has affected various categories of welfare recipients. Many states already required employable adults without children or whose children had reached a certain age to "work off" their checks. Students of social welfare policy and readers of Charles Dickens will notice similarities to Elizabethan Poor laws and the "Workhouse."

The requirements imposed in New York are typical. Despite rules prohibiting the replacement of public workers, most were assigned to entry level clerical jobs or cleaning jobs in local government agencies. Sometimes workfare was presented as job training, but few got training beyond instructions on how to clean toilets or file records. Workfare workers are not paid; their stipends are only the below poverty level welfare grant, earned at the minimum wage rate or below. In the New York City shelter

system, workfare participants get 62¢ an hour or less, \$12.50 for 20 and often more hours per week! There are no benefits. Medicaid and other coverage remain the same as for all welfare recipients and work expenses, such as lunches and carfare are not covered.

As indicated above, workfare is neither a jobs program nor a training program. Comparisons with programs like the WPA, which created jobs, are misleading at best. Workfare does not create new jobs. In fact, since workfare often replaces full-time, full-pay public workers who leave by attrition, it actually contributes to a decrease in available jobs. With expansion to private industry, workfare can replace jobs there.

Workfare is part of the ideological attack on welfare and all public assistance programs. It utilizes the myth of "lazy welfare recipients," and "welfare cheats," who will work only if forced. These lies run in a pack with stories of women who have additional children to increase already generous welfare checks, children going hungry while their parents are high on crack, food stamps used for beer and cigarettes, and the idea that welfare fosters lifetime dependency. Through it runs the racist theme that almost all people on welfare are African American or Latino and thus all the myths apply especially to them.

These myths persist, with the help of the ruling class media, in spite of the facts being otherwise. The majority of welfare recipients continues to be white. Hard statistics and study after study<sup>1</sup> refute all the other stories too, and we will not repeat the facts here. The question of whether welfare recipients are willing to work, however, is directly related to the ruling-class argument that workfare is needed to force welfare recipients to work.

Studies<sup>2</sup> are available which also refute this, but most convincing are the reactions of workfare workers themselves. They are looking for jobs and they hope that the program will be or lead to employment. Their hope is reinforced by the official and unofficial promises of training and opportunities to move into permanent jobs made when they enter workfare. Even when it is clear that the promises are

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Bill Davis is a member of the National Board CPUSA.

a cruel hoax, many, if not most, react with anger that they are not getting jobs. Workfare workers are beginning to demand full pay and decent working conditions.

Workfare can be an obstacle to getting a permanent full-time job. The individual participant may miss opportunities to get real jobs or be "sanctioned" (lose benefits) for missing their workfare assignment due to job interviews, civil service tests, or attending college classes.

The only figures released by New York City give the rate of employment of these workers in the agency where they are assigned as less than one percent, which is even less than the five percent overall. In contrast, a New York City job training program placed 59 percent of recipients.

This misnamed program is an excuse to close welfare cases. Hundreds of welfare recipients, including many too sick or disabled to work, suffer improper case closings and grant cuts - problems which will grow as thousands are pushed into workfare in the next few weeks. Some 30 percent of participants are "sanctioned" (cases closed or grants cut) every year. The reason for missing a workfare assignment may be a job interview or college classes or because of child care problems. Undocumented illness is not an excuse. It is also expected that individual cases are often cut or closed improperly, with only those recipients who know their rights and are in a position to fight for them having any chance of reversing the "error."

Families already living below any decent minimum will be forced to share their poverty with relatives or be out in the cold. Homeless families on the streets will be as common as homeless adults are now. Attacking welfare opened the right-wing war on all entitlements, including Social Security and Medicare, to cut the living standard of the working class as a whole.

**AN ATTACK ON PUBLIC WORKERS** ■ Over 34,000 workfare assignments have already helped replace 15,000 New York City unionized workers and the new Republican welfare law requires the city to put an additional 114,000 workers into workfare by next August 7.

It is incorrect to assume that these workers cannot replace skilled workers. New York City's Parks Department has about 7700 workfare workers, including hundreds who "have almost completely replaced a Parks Department force of skilled

trade[people]."<sup>4</sup> Workfare workers assigned to the "Parks Career Training Program" are assigned duties including "interior and exterior painting ... plumbing, carpentry and electrical work," use "a variety of power and hand tools" and "provide valuable work for Parks and Recreation."<sup>5</sup>

Workfare workers have few rights, those they have are not generally known, and they have no union or other organized means of defending themselves. While such workers are legally covered by Workers' Compensation and Occupational Safety and Health regulations in New York<sup>6</sup>, few even know it. Many use cleaning chemicals and handle potentially biohazardous waste without adequate training or protective gear. Nor are they inclined to complain when failure to perform tasks can cause their subsistence income to disappear.

This anti-labor program erodes working conditions of unionized public workers. It creates a body of second-class indentured "civil serfs" with practically no rights or protection from discrimination or arbitrary punishment as long as they are unorganized. In city shelters, workfare participants often work beyond their assigned hours just to keep their beds. Public worker contracts which agree to expand workfare surrender gains for which union members fought and sacrificed.

**A DANGER TO ALL WORKERS** ■ This threat to all workers has already expanded beyond public workers with the signing of the new Republican welfare law. Not only have job assignments been expanded to all public jurisdictions, but to "all private firms."<sup>8</sup>

The danger is growing that the program will threaten to become a government-operated scab herding outfit, providing bosses with conscript workers to stop organizing drives and break strikes. Unemployed workers are pressed to work any job and the standard of living for the entire working class is forced down.

The Communist Party's adamant opposition to the attack on welfare, has been based on the danger to the whole working class as well as its impact on those unemployed workers forced into workfare. In addition the Party has worked for unity in fighting against the new policy and other welfare cuts because they open the door to more open attacks on other "entitlements" which could lead to cutting out Medicare, Social Security and to the elimination of entitlement to anything for working people.

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# A Better World in Birth

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Jim West

Among the great achievements of the 20th Century, the birth and rise of a new kind of society never before seen on earth will surely be the event with the most enduring significance for humankind and its future. That event was the coming to life of the age-old dream of a society free of war, crime, hunger, homelessness and joblessness, racism and national hatred.

At the century's end, the dream is a work in progress, the curtain having come down on act one. A struggle is now being waged between those who need and want the dream to come true, and those whose vision is a nightmare for humanity.

Seventy-nine years ago the Russian working class, supported by the impoverished peasantry including those in the armed forces, brought into being a new kind of government.

For the first time in history a nation had a government which set out to create a society in which all who labor by hand and brain would have the decisive say. For the first time, the class of exploiters and oppressors were stripped of the power of decision over the life and death of the rest of the people.

The form of government was the Council (Soviet) of Workers and Peasants Deputies (representatives). The system of society it undertook to build is called socialism. The great social upheaval which reached its high point on November 7, 1917 (October in the old Russian calendar) came to be known as the Great October Socialist Revolution.

While the epicenter of the socialist revolution was Russia, its powerful shock waves were felt worldwide. Revolutionary upheavals took place throughout Eastern and Central Europe, especially Germany and Hungary. The October Revolution was a wakeup call for national liberation in Central Asia, the Far East, the Middle East and throughout the colonial world.

Working people of hand and brain throughout the developed capitalist countries hailed the earth-shaking event with great enthusiasm. In the United States, all socialists acclaimed the historic victory of

the Russian people as did most everyone in the labor and peace movements, including many intellectuals.

The toppling of the Czarist tyranny and the exploiting classes it represented accelerated the rise of class consciousness among U.S. workers, stimulating the organization of unions. Expressions of solidarity and support found a wide variety of forms: refusal to ship arms to the counter-revolutionaries in Siberia, the Seattle general strike, and even the election of a more-than-symbolic soviet in Seattle's Rainier Valley.

The old Socialist Party, already split over support or opposition to the first imperialist world war, set out on a course which, in 1919, led a majority of its members to join with other forces to establish the Communist Party USA.

Inspired by the example of a so-called backward people storming the heavens to take power out of the hands of an aristocratic tyranny, advanced workers and socialist-minded people in many countries proceeded to organize Communist parties of their own.

Millions of people were set in motion by the socialist revolution, learning how to take the first steps in relying on their own unity and strength to advance their well-being and class interests.

In brief, it was a world-historic watershed marking the opening of a new era – an era of mass democratic action of, by and for the masses, against the exploiters and oppressors.

From the very moment that the incomparable V.I. Lenin rallied the working class and peasantry to fight for bread, land and peace – the immediate aim of the socialist revolution – the reactionary diehards declared war against the newborn socialist republic.

Winston Churchill called for "strangling the infant in its cradle." Fourteen capitalist powers, including the United States, sent troops and weapons in support of the Russian counter-revolutionaries. An embargo was placed on exports from Russia and vital imports were denied her.

There began a campaign of lies, vilification, misrepresentations and fabrications unprecedented in history that continued with unabated fury to this

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Jim West is International Secretary of the CPUSA.



very day, years after the demise of the USSR.

The hatred of the exploiting classes for socialism is so deep that they cannot bring themselves to acknowledge the massive, all-powerful popular support of the October Revolution. Their hired scribes write of the "Bolshevik seizure of power" instead of the socialist revolution, as though it was a plot of a few conspirators with no mass support. To them, the workers and peasants of Russia were a backward mass incapable of spontaneous mass class action, let alone organized, consciously-led struggle for a better life. Therefore what happened had to be the work of an evil conspiracy. This ludicrous idea, born of malevolent fantasy, was elevated to an official immaculate conception when Ronald Reagan named the Soviet Union the "Evil Empire."

To be sure, no revolution can succeed without experienced, capable, trusted leadership. In Russia, that leadership was provided by the genius of Lenin and the party he led, the Communist Party. That is why anyone who would obliterate the memory and lessons of the October Revolution must obliterate Lenin, his life and work. The demonization of Stalin and of so-called Stalinism paved the way for the all-out assault on Lenin, Marxism-Leninism and the October Revolution.

**NEW ATTACK AGAINST LENIN** ■ The latest blast against socialism and Lenin is a 204-page book, *The Unknown Lenin*, co-edited by Richard Pipes and published by the Yale University Press. Pipes is a professor emeritus of Russian History at Harvard University whose career is built on his venomous hatred of Lenin. As Orlando Figes, the *New York Times* reviewer of the book puts it, Pipes "depicts Lenin as the devil incarnate."<sup>1</sup>

Figes gives examples of how Pipes interprets the Lenin documents released from the Russian archives in such a way as to buttress Pipes' view of Lenin. "For example, he (Pipes) claims Lenin was opposed to the Workers Opposition of 1920-21 ... because he considered workers to be fundamentally unsocialist and unrevolutionary!" The reality is that Lenin opposed the factionalist Workers Opposition "precisely because he recognized that the working class remained a revolutionary force and was still committed to the socialist ideals of 1917."<sup>2</sup>

Pipes deals with a speech by Lenin in September, 1920 which discusses the defeat of the Red Army at the gates of Warsaw after it undertook to drive the Polish Army out of the Ukraine which it

had invaded. Figes writes,

According to Pipes, the speech proves that Lenin had intended to use the march on Warsaw as a springboard for the invasion of Germany and England ... But in fact, Lenin said nothing of the sort. Rather, he argued that the counter-offensive had been meant to deter the West from invading Russia.

Commenting on Pipes' misrepresentation, Figes writes, "This is surely a Cold War fantasy, or perhaps the figment of a Russophobic mind."<sup>3</sup>

It is good that Figes nails this anti-Soviet lie. But he could have gone further and showed that it was Trotsky who advocated the continued march of the Red Army across Europe in the name of "permanent revolution" to impose socialism by force of arms. This was a basic policy difference between Lenin's Communist Party and Trotsky, a struggle which the Communists won.

The imperialists and reactionaries around the world were quick to seize on Trotsky's position to promote the lie that Soviet Russia was out to export revolution and impose its will on other nations, that the Communists favored force and violence and had no confidence in the people, in democratic and peaceful means, etc. Among other things, this big lie is used to obscure and negate the basic, longstanding Soviet policy of peaceful coexistence of countries with different social systems.

It is to pump new life into old lies against socialism and the October Revolution that *The Unknown Lenin*, dug up "from the secret archive," is peddled today. It must be an embarrassment to academia that this skimpy volume is used by Pipes as a cannon lined up to do battle against the fifty volumes of Lenin's complete works available for all to see in libraries, including many university libraries and bookstores all over the world. In the author's fantasy world one supposes it is possible for a flea to attack and slay an elephant.

It is no accident that the gravediggers of Lenin's and Stalin's memory are busy rewriting history to resuscitate Trotsky from its scrap heap. The recently published books by Dmitri Volkogonov on Stalin and Lenin and now Trotsky are an effort to transform the counter-revolutionary he was into a revolutionary hero.

But even among the pro-capitalist pen pushers of Russia there are some who admit that, basically, the people are for socialism. What else can be the

meaning of Boris Kagerlitsky's peculiar observation that, "In public consciousness, the Communist Party remains associated above all with the past, even if this is seen by many as a great past."<sup>3</sup>

Obviously it is not just the past. The Communist Party of the Russian Federation, the party of October, is the biggest party in Russia, and with its allies, holds the majority of seats in the parliament. Lenin's portrait, and Stalin's for that matter, are widely seen and not only in demonstrations and parades. Lenin and Stalin remain the most popular figures in Russian political history.

This is true not only of socialism in Russia. In this connection it is of more than passing interest that Professor Wayne S. Smith, who served in the U.S. Embassy in Havana from 1958-61, reports that Fidel Castro is the most popular leader in Cuban history.

When Smith writes that the Cuban people "Clearly believe that it's important to preserve the gains of the revolution, such as free education and health care and a high degree of equality," which the people ascribe to socialism, he identifies the very same kind of belief that binds the Russian people to their history with socialism and its birth in the October Revolution.<sup>4</sup>

And what of Mikhail Gorbachev popular with U.S. circles of high finance for opening the floodgates to the forces which would undo the October Revolution and its far-reaching gains. Why did he get such a pitifully small vote in the presidential elections? A brief penetrating answer is offered by a British Sovietologist, Archie Brown, who contends that "for all the surface ambiguity, Gorbachev was, by the end, a social democrat who no longer embraced Lenin's core ideas."<sup>5</sup> That just about hits the nail on the head. Abandoning Lenin, he turned his back on the people. In attempting to undo October and Lenin, he undid himself into, at best, a footnote in history.

**SOCIALISM'S ACHIEVEMENTS** ■ To be sure, the Russian people can take great pride in the numerous accomplishments of socialism in the USSR: the defeat of Nazism and Japanese militarism; the opening of the space age with Yuri Gagarin's epics first flight into the cosmos; the development of atomic energy and putting it at the service of maintaining world peace against the predatory aims of the first atomic power; the rise of backward Russia into second place in industrial output and a foremost place in agricultural production; the elimination of unem-

ployment and homelessness; the development of a skilled working class and an advanced scientific community; selfless assistance to underdeveloped countries including the training of tens of thousands of engineers, doctors, scientists, etc.; the transformation of Russia from a Czarist prisonhouse of nations marked by national racial hatred and anti-Semitism, into a union of free and equal nations, free of racial-national hatred and raising the status of each participating nation to a level playing field with equal rights and opportunity for all, etc.

Such is the meaning of the October Revolution to the peoples of the former Soviet Union. The historic accomplishments of socialism in the USSR, barely touched upon above, represent the concrete expression of the promise and pledge of the October Revolution for peace bread and land. The Great October Socialist Revolution is great and imperishable because it is the first revolution in history to stand by its promises to strive to carry out its pledges. As history records it did.

Among the postmortems offered by capitalist propagandists to explain the demise of the Soviet Union is the superficial, glib judgement that it was based on a faulty foundation. This is a variation of the revisionist theory that you can't build a socialist society without first having gone through capitalism; that capitalism provides the only solid base for socialism. If this were true then the peoples of Vietnam, China and the Peoples Democratic Republic of Korea might just as well give up and let the imperialist countries march right in and set up a capitalist "free market" system. For that matter Cuba should do the same, since it was a semi-colony living under the thumb of U.S. imperialism. But there is the rub - if you give up the struggle for socialism you end up in exactly the situation before Fidel Castro and the Communists of Cuba led the victorious people's revolution. Russia under Czarism was a developing country in its Russian part and a number of colonial and semi-colonial countries in the rest of its vast territory.

Seven years after the October Revolution, Lenin was confronted with the charge that "you can't build socialism in Russia." He replied:

You say that civilization is necessary for the building of socialism. Very good. But why could we not first create such prerequisites of civilization in our country as the expulsion of the landowners and the Russian capitalists

Continued on page 13

# Racism in Education

David Eisenhower

Advanced education has become increasingly a requirement for economic well-being. Government officials, employer organizations, and academics stress that modern technology requires brains, not brawn. Secretary of Labor Robert Reich has provided college graduates with the cachet of economic royalty with the name "symbolic analysts."

The gap between earnings of college graduates and high school graduates has widened considerably. Increases in steady employment are concentrated in college graduates and those with advanced degrees obtaining professional and managerial jobs. Permanent employment of basic blue collar workers has declined alarmingly, while employers demand far more in labor, skill and inventiveness from those remaining. Meanwhile, the cost of a full college education soars, barring large segments of the population, especially among minority peoples with their lower average incomes. The entire education system is characterized by the headline, "More separate and less equal."<sup>1</sup>

There was no denying the reality of racist education prior to the Supreme Court's 1954 *Brown vs. Board of Education* decision that ended "Jim Crow" schooling.

Subsequently, conventional wisdom has held that the state has been genuinely committed to educational equality, a belief supported by instances of court-ordered integration and well-publicized affirmative action programs.

However, the educational results since *Brown* reveal otherwise. The policy of inferior education for students of color has remained, although the means became more covert and the coverup more determined.

Over the decade, 1981 to 1991, for example, the high school completion rate of African American and Latino students remained low and changed little.

According to the National Center for Education Statistics, adult literacy, another measure of educational equity, shows a sharp disparity between whites and people of color. Based on a literacy test

## High School Completion Rates

Year	White	Black	Hispanic
1991	87	72.5	55.4
1981	84	71.8	56.8

Source: *The Condition of Education: 1993*. National Center Statistics, June 1993. U.S. GPO, p. 58.

taken by a national sample, the majority of whites scored average or above, while the majority of African Americans and Hispanics scored below average.<sup>2</sup>

Another measure of the unequal nature of education is the percent of advanced degrees conferred upon African Americans and Hispanics compared to whites. (Note that the percent of bachelor and doctoral degrees awarded to African Americans and Hispanics declined between 1977 and 1989.)

Scholastic Aptitude Tests (SAT) scores are yet

## Degrees Conferred (Bachelors/Ph.D.'s)

Year	Black	Hispanic	White
1977	6.5/4.3	2.1/2.9	89.5/91.4
1989	5.7/3.5	1.8/2.4	84.5/89.3

Source: Andrew Hacker, *Two Nations*, N.Y., 1992, p. 234.

another indicator of the inferior preparatory education available to students of color. According to the 1990 SAT average scores Blacks, Hispanics and whites scored, 737, 803, and 933 respectively.

Academic circles have engaged in endless theoretical debates over the causes of unequal education. They've also produced countless, narrowly-defined studies focusing on student study habits, the teacher-student relationship, pedagogy, the family background of students, student discipline, student health, student language skills, etc., in pursuit of the "variables" contributing to unequal school achievement.<sup>3</sup> Taken together, the theoretical and empirical work by academics and their popularization by the

David Eisenhower is a contributor to *Political Affairs*. This article is taken from *Economics of Racism II* by Vic Perlo.

corporate media have tended to divert attention from the system of educational apartheid administered through state policy.

How do government policies guarantee racist educational outcomes? By:

- promoting a high degree of segregation in education, corresponding to patterns of housing segregation;
- operating overcrowded, underfunded, segregated city schools, with far too many students per teacher and inadequate supplies and facilities;
- allocating unequal funds per student depending upon where the student resides; i.e. in the suburbs or in cities;
- pursuing the "politics of race" and mobilizing opposition to the equalization of funding;
- concentrating poverty and accelerating economic polarization, leaving inner-city youth, in particular, with few opportunities;
- resisting changes from a Eurocentric curriculum; and
- failing to insure that teachers are representative of the student body.

**RESEGREGATION** ■ State-sponsored patterns of housing discrimination, reinforce the segregation of schools. As Douglas Massey and Nancy Denton write: "Residential segregation is the institutional apparatus that supports the racially discriminatory processes and binds them into a coherent, uniquely effective system of racial subordination."<sup>4</sup>

According to the Harvard Project on School Desegregation, 74.3 percent of Hispanic students – or 3.7 million out of 5 million – attended predominately minority schools. The figure for African American students is 66 percent – or 4.6 million out of 6.9 million attending predominately minority schools.

These figures reflect the resegregation of schools, with the nation's largest cities having the highest concentration of Black and Hispanic students. For larger inner cities, "15 out of every 16 African American and Latino students are in schools where most of the students are non-white." The story is the same for smaller city and suburban schools. There is a clustering and concentration of students of color.<sup>5</sup>

The intensification of school segregation is the direct result of influential Republican and Democratic politicians openly pandering to the racist prejudices of many white voters. As a feature of a governing strategy, politicians permeate politics with race in order to consolidate, in Andrew Hacker's words,

**% of Students in Minority Schools, by year**

Year	Black	Hispanics
1968	77	55
1972	64	57
1980	63	66
1986	63	72
1991	66	73

Source: Harvard University School of Education

"a self-conscious racial majority"<sup>6</sup> opposed (even at its own expense) to governmental programs promoting socio-economic justice.

President Clinton's comments to those assembled for the NAACP Legal Defense and Education Fund's observance of the 40th anniversary of *Brown vs. Board of Education* are a good example of the race-baiting and scapegoating which has again come to mark ruling-class politics. In his prepared remarks, Clinton attacked the "new segregation" he saw taking root in America. For Clinton, however, the "new segregation" had nothing to do with patterns of residential and educational segregation. Rather the "new segregation" Clinton warned about came from African Americans. According to the president, Black extremists rather than white racists and public policy dominated by racism, were responsible for the resurgence of racial polarization.<sup>7</sup>

School segregation also results from Supreme Court rulings, such as the 1974 *Milliken vs. Bradley* decision and the 1992 *DeKalb County, Georgia* decision. The former exempted suburban areas adjacent to Detroit from an area-wide desegregation plan that would have merged urban and suburban school systems. The latter removed federal court oversight of desegregation efforts once local school districts made "good faith" efforts to achieve equity, even in the face of unequal resource allocations.

Systematic underfunding of segregated schools and political resistance to equalization guarantees the unequal outcomes of education. Thomas Sobol, the beleaguered New York State Education Commissioner, recently observed that N.Y. State runs two distinct school systems – one urban, minority, poor and failing – and the other suburban, white, affluent and successful. Sobol's comments could be repeated by every Commissioner of Education who yearly reviews data on the expenditures per student for each school district.

Urban school districts are particularly underfunded, victimized by:

- a politics of white, suburban privilege;
- a fiscal "crisis" caused by tax breaks granted the rich and corporations, depriving states and cities of revenues and short-changing urban school districts (bringing school districts like Los Angeles to the verge of insolvency);
- a system of funding schools based on local real estate taxes which gives wealthier districts an advantage over poorer, urban districts;
- a state school aid formula that falls short in equalizing spending per student across school districts; and
- drastic cuts in federal urban assistance, forcing cuts in city budgets.

While school funding varies greatly from state to state, there are distinct racist patterns described in compelling detail by Jonathan Kozol in his aptly named book, *Savage Inequalities*.<sup>8</sup>

In March, 1993, New York City filed suit in State Supreme Court charging that the state's school aid formula was discriminatory, arguing that New York schools were "severely split between urban and suburban areas, between one world that is largely African American, Latino, Asian American and poor and another that is largely white and prosperous."<sup>9</sup>

New York City's legal action is being repeated in at least 29 states. In ten states the way schools are funded has been declared unconstitutional. Some of the states' school financial systems have been held illegal more than once.<sup>10</sup>

**RESISTING DESEGREGATION** ■ Effort to achieve educational equity, however, have met with intense political opposition across the country, attacked as "Robin Hood" formulas. As journalist Nicholas Lemann observed: "...spending-based remedies to the inferiority of all-minority public schools ... attract such intense political opposition - having recently contributed to the defeat of Governor Jim Florio of New Jersey... that they are often assumed to be impossible."<sup>11</sup>

In July 1994, for the third time since 1973, the New Jersey Supreme Court ruled that the state's system of funding public education was unconstitutional because it provided an "inferior education to predominantly African American and Latino urban students." Just as in prior court rulings, opposition to changing the status quo immediately appeared. Robert Boose, executive director of the New Jersey School Board Association, "whose power," according to one news report, "rests squarely in the heart

of Gov. Whitman's core constituency, the suburban [white] school districts," is one opponent determined to extend suburban education privileges into the 21st century. He is reported as saying, "This is going to be a 24-round fight and right now we're only in the 18th."<sup>12</sup>

For 25 years ruling circles in Texas have also successfully resisted court orders to partially redistribute tax funds to provide a more equitable distribution. Spending on the 5 percent of school children in Texas' richest districts averaged \$11,801 per child; spending on schools of the 5 percent in the poorest districts averaged \$3,190 per child.

Under court order, a trivial reform authorizing reallocation of 2.75 percent of school revenues to poorer districts was beaten by 63 percent of voters in an election in which only 25 percent of the eligible voters participated. The racist, anti-labor forces, financed by Texas billionaires and millionaires, conducted a vicious campaign, and successfully mobilized the right-wing, racist voters of the state. Supporters of the amendment did not unite to mobilize the overwhelming majority who certainly would have voted for the amendment had they been adequately informed about the issue.

Under instructions from the State Supreme Court, a judge threatened to withhold funds from schools if there was no compliance with the policy of more equitable funding. Since, in fact, this would have merely closed the schools a couple of weeks early, the stage was set for another round in the quarter-century maneuvering of the rich to maintain their privileges through racist discrimination.<sup>13</sup>

The journalist reporting on the Texan school battle, Sam Howe Verhovek, commented: "...proposals to do away with local school taxes altogether, replacing them with a state tax that could be apportioned equally among the schools, are almost uniformly dismissed around the country as undermining local control."<sup>14</sup>

Of course, the slogan of "local control" is misleading. What is meant is capitalist class control. No matter how democratic the procedures of local school boards, the wealth in the rich districts give them the funds to run the schools for their children lavishly, while local efforts of school boards in poor districts simply cannot overcome the lack of funding to which they are doomed because of their poverty.

Thus a large portion of the residents of suburban school districts pay a heavy price for the adequate schools in their districts. Middle-income

employees, skilled workers and retirees are faced with soaring property taxes while their real incomes stagnate or decline. The allocation of property taxes is determined by a wealthy minority, by real estate and banking interests, by those with political pull able to benefit from loopholes and exemptions.

The most severe racist discrimination is in the South, as is the most severe discrimination against the working class as a whole.

In Alabama, a state judge has ruled that the state's schools violate the Constitution by failing to provide adequate education. For example in Sardis, Alabama:

At the Shiloh Elementary and Middle School the library has not bought any books in 20 years. There are no science labs, no band, no music, no art, no foreign language courses. The roof leaks and the dingy 43-year old building is about worn out.<sup>15</sup>

There are worse schools in Alabama, like the one in adjacent Wilcox County where raw sewage seeped for years onto a playground and termites ate through books...<sup>16</sup>

In the cities and counties that are 99 percent white, conditions are not as bad; but they are not good anywhere in the state. Wealthy people send their children to private school but that is becoming more expensive and – contrary to popular belief – nationally the proportion of children in private schools has been declining.

In March 1994, Michigan became the first state to adopt a centralized state tax to fund education, replacing the local real estate tax approach. The features of the Michigan school-funding plan are being reviewed by a number of other states, many of whom are in state courts over constitutional problems with the way their schools are currently funded. As a result Michigan could serve as a model for "reforming" the way schools are funded around the country. This is unfortunate because Michigan's plan replaces the property tax with an unreliable and regressive sales tax, a hike in cigarette taxes and a larger take from state Keno games.

Furthermore, the state plan would maintain the spending gap between rich and poor districts by allowing richer districts to raise additional taxes to augment the basic state's spending-per-student grant. In five years all districts would receive \$4,200 per student, an amount that represents merely a floor. Wealthy districts would be permitted to spend more than twice that amount.

**CLASS AND RACE FACTORS** ■ The class and racial nature of educational politics and policy is obvious around the country. The state insures that students in wealthy, predominately white districts receive preferential education, providing advantages to some while denying them to others. The state, in other words, operates an educational system that applies racial and class criteria to establish who is "qualified" and who is "disqualified." Rationed education is the mechanism to ration opportunities.

Who gets to be a full-time faculty member in higher education is but one implication of the rationing of education, in this case the regulation of advanced degrees. According to the U.S. EEOC, Blacks and Hispanics hold a tiny percent of full-time teaching positions in our colleges and universities.

For example in 1991 white men held 68.2 percent of faculty positions, Blacks 2.5 and Hispanics 1.4. For white, Black and Hispanic women the figures were, 31.8, 2.2 and 0.8 respectively.

It is, furthermore, a truism that education is crucial for financial success. However, racism systematically denies Black and Hispanic students an adequate education. On graduation from high school, therefore, Black youth are less likely to have the standard qualifications for jobs requiring a high-school education, and less likely to have the qualifications for college admissions, or at least to the better ranking colleges and to the most promising of educational specialties within college. And the benefits of education are much less for people of color than for whites.

The average income of Black males, e.g., as a percentage of the average for white males with a corresponding amount of education, tells a dramatic story.

In 1971, there was a wide gap between the incomes of Black and white males, no matter what the degree of education. The gap was about 30 percent for high school or more education. But by 1991 the situation had worsened, in that the more education, the wider the gap. For high school and partial college education, the gap was about 25 percent, but for those with a college degree it was a full 32 percent! The significance of this is increased when one considers that the importance of a college education has grown significantly over the past two decades. By 1991, one-fourth of white males 25 years or older had obtained a college degree, as compared with less than one-eighth of African American men (11.9 percent).

Periodically, there are federal reports and initiatives announced with much fanfare and hand-

wringing. The 1983 "Nation at Risk" report and the "Goals 2000" initiative adopted by the nation's governors in 1990 are two recent examples.

However, such interest shouldn't be taken seriously. While rich in slogans, adequate money is never provided to achieve the goal of building a "nation of learners." Under self-imposed financial constraints, federal resources for improving education in grades one through twelve actually declined from \$12.1 billion in FY 1992 to \$11.6 billion in FY 1993.<sup>17</sup>

When Bush was president, he cautioned that more spending on public education was not the best answer. He even admonished parents of poor children who see money as a cure for educational problems as symptomatic of a society that has come to "worship money."<sup>18</sup> For the administration, "school choice" vouchers for private schools and the privatization of education became the responses to preempt any drive to provide any genuine equal education.

Current educational policies have been developed to prepare and allocate the various grades of labor, to determine who gets a well-paying job assignment and who is consigned to the growing number of unskilled, low-wage jobs, and to make it appear that "individual merit" or cultural factors were responsible for it all.

Furthermore, the unequal outcomes of education are part of a comprehensive strategy of the ruling class to preserve its power through the maintenance of racism and prevent unity of Black, white and Latino not only in education, but in all areas of everyday life.

A really equitable system, so long as residential segregation persists, would have each state set roughly equal standards of spending per pupil, and of pupils per teacher, to be financed out of revenue.

For majority Black and Hispanic districts, funding and staffing should be raised to somewhat above state average levels, to help compensate for educational disadvantages imposed by ghetto conditions. This should be accomplished without reducing funds for most school districts, aside from a few districts of the very rich, where school funding and staffing are way above average. A further improvement would be for large-scale federal aid distributions that reduce differences in funding and staffing resulting from wide dispersions of average income levels and potential tax sources among the states. □

#### Notes

1. Gannett Suburban Newspapers, 10-23-91.
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5. William Celis, *New York Times*, 12-14-93.
6. Andrew Hacker, *Two Nations*. New York, 1992, p. 201.
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9. Sam Dillion, *New York Times*, 3-16-93.
10. Jorjanna Price: "Squeeze Play: 28 States Join Texas in School Finance Skirmishes," *Texas Comptroller of Public Accounts, Fiscal Notes*, Nov. 1992.
11. Nicholas Lemann *New York Times*, 5-18-94.
12. Iver Peterson, *New York Times* 7-13-94.
13. *New York Times*, 5-3-93.
14. *Ibid.*
15. *New York Times*, 6-9-91.
16. Alabama Education Department, Annual Report, 1990-91, p. 30.
17. Government Printing Office, *The National Education Goals Report: Building a Nation of Learners*, Washington D.C. 1993.
18. Kozol, op. cit., p. 205.

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and then start moving towards socialism? Where, in what books have you read that such variations of the customary historical sequence of events are impermissible or impossible?<sup>6</sup>

Why was it possible in Russia to surmount the problems arising from the comparative lack of development, and carry through a socialist revolution? The chief reason is that the Russian people and its working class in the first place, was led and guided by a scientifically-grounded Marxist-Leninist

Party. Armed with a revolutionary theory, solidly based in the decisive sections of the working class and led by an experienced and incorruptible leadership, the Communist Party brought the people into the ten days that shook the world, and from October onward, into the planned building of a better life. □

#### Notes

1. "The Unknown Lenin," book review by Orlando Figes, *New York Times*.
2. *Ibid.*
3. *Ibid.*
4. *Foreign Affairs*, March-April 1996, "Cuba's Long Reform," p. 99.
5. *Current History*, October 1996, "Russia Chooses and Loses," p. 305.
6. *Lenin on the October Revolution*, Novosti Press Agency Publishing House, Moscow, 1977.

# The Maquiladoras

Jorge Tovar Montaez

What are the maquiladoras? The maquiladoras are parts factories or assembly plants located on Mexican territory. They are centers of assembly or finishing plants of all types of components or parts of the manufacturing industry. For the most part they are operated with foreign, mainly U.S. capital, sometimes up to one-hundred percent. Some are owned by the Japanese, British, and others.

The maquiladoras enjoy financial exceptions which permits them to import without paying tariffs and to export paying tariffs only on the value added in Mexico. All of their production is exported out of the country to other plants of the big transnational corporations which own them.

Foreign capital has absolute dominance in the maquiladora industries with a low-wage labor force that is basically female. The maquiladoras are mainly located on the border with the United States, but in this last period they have extended into the interior of the country.

The border states where the maquiladoras are located are, in order of importance, Chihuahua, Baja California, Tamaulipas, Sonora and Coahuila. The cities with the highest concentration of maquiladoras are Juarez, Chihuahua; Tijuana, Baja California; Reynosa, Tamaulipas; Chihuahua, Chihuahua; and Mexicali, Baja California.

It is possible to distinguish four periods in the development of the maquiladoras in Mexico: 1965-1974, installation and consolidation; 1974-1976, the period of reactivation; 1984-1985, the present characteristics are established; 1988-1995, the period of great development.

What are the origins of the maquiladoras? The maquiladoras did not start in Mexico. They were originally created by the U.S. in Japan, Taiwan, Hong Kong and Thailand, just after World War II as a means exploitation of a foreign work force and appropriation of surplus value. The pretext was to give aid to those regions to compensate them for the devastation of war.

Nevertheless, Mexico was the first country in

the Americas where they put into practice this model from economies devastated by war.

In Mexico they appeared during the government of President Diaz Ordaz and have continued growing - at different rates - but always growing.

Since 1965 various factors both in Mexico and in the U.S. explain the causes and consequences of the installation of the maquiladora model.

During the 1960s, and in 1965 in particular, there was a crisis in agriculture. The possibility of parceling out land to landless peasants was reduced considerably due to the growth of the Mexican population which was a product of the prosperity in mid-century.

The forms of exploiting agriculture and its industrialization were, and still are, deficient, seeing that low productivity was and remains the cause of low employment and lack of well-paid jobs in the Mexican countryside.

One of the fundamental causes of the interruption and sabotage of the policies of parceling out land was due to the carelessness and corruption of some governments, especially during the administration of Miguel Alemn. This occurred in spite of the development of the agricultural infrastructure and the creation of irrigation systems and the electrification of the countryside.

As a means of compensating for these imbalance in the Mexican countryside, the governments prior to 1965 had signed the "International Agreement on Migrant Workers" with the United States known as the "Bracero Program."

This program had two ends which were convenient to both governments:

- Give temporary work to landless Mexican peasants in U.S. agriculture.

- Permit the U.S. to have access to cheap labor.

This program was always fought by the Mexican left which considered it denigrating in addition to being a false solution for the problems of Mexico.

In 1965, both governments decided to cancel the Bracero Program when the Mexican side argued that it was undignified and was also promoting corruption and trafficking in migrant workers. The U.S. government stated that the program was the source

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Jorge Montaez is a member of the Central Committee of the Peoples Socialist Party of Mexico.



of countless problems in immigration control which hurt the interests of the people of the United States.

Before this occurred, the Mexican government decided to agree with the U.S. on a plan which would provide jobs to Mexicans in their own country.

According to this plan, the U.S. proposed that the wages paid to the Mexican workforce in the U.S. would be transferred to Mexico, offering employment in Mexico instead of north of the border. This would avoid the many migration problems and the efforts to control temporary workers in the United States, as well as the costs of administering the Bracero program.

A basic difference for the Mexican workers would be that they would no longer be employed in farm work, but in manufacturing. For the U.S. the consequence would be not having an imported temporary work force of hundreds of thousands of Mexicans to work in the fields. This was saving the farm owners millions of dollars which they would now have to pay U.S. farm workers in accordance with U.S. labor laws and unions. It also meant having to grant residence status to thousands of Mexicans seeking it so that there would be an available work force.

To replace the Bracero program the maquiladoras were started. The Mexican government made the people believe that it was a unilateral decision on its part. The truth is that the initiative came from the U.S. since they had an alternative to the Bracero program, while Mexico lacked any proposal to solve the problem of unemployment of its own migrant peasants.

This explains the Mexican migration from then until now and the reason for the presence of 20 million Mexicans in the U.S. It is also the reason for the millions of U.S. dollars sent to Mexico by family members in the U.S., which, in terms of hard currency, is the most important source of revenue after oil, tourism, and the maquiladoras.

**THE INITIAL STAGE OF THE MAQUILADORAS** ■ The first stage of the maquiladoras was closely related to the recession crisis of the world capitalist system and the emergence of two other economic blocs headed by Germany and Japan. The United States was going through a sharp economic downturn, 20 years after the Second World War and was in the middle of a new conflict in Vietnam.

During this period the U.S. government and capital clearly showed their intentions of "experimenting" by installing the maquiladoras in their

closest southern neighbor through investing low-risk capital before deciding to invest major funds because of the fear of failure.

The maquiladoras which were started in Mexico in this period had the following things in common: they were small companies with limited equity; they used outdated technology, in some cases no modern methods at all (instead they used a high concentration of manual labor); wages were hardly above the minimum; the workforce was basically female, (in some places up to 80 percent) primarily young women, the majority single and childless.

The Mexican government gave in more to the need of being able to provide employment than to the social and labor laws written in the Mexican constitution. For this reason it gave the maquiladora companies a series of privileges and concessions that were truly unjustifiable and shameless. For example:

- They permitted maquiladoras to discriminate against Mexican workers on the basis of age, gender, marital status, or whether one was a mother - practices which are illegal under Mexican labor law.
- They subsidized water, electricity and even raw materials such as sugar.
- They built in Mexico with public and private funds the infrastructure they needed to start up.
- They canceled legal regulations on environmental protection making them basically non-existent.
- They eliminated job security rules.
- They guaranteed limits to the demands of trade unions and the anticipated control of labor organizations.

The worst of all these onerous conditions was the bilateral pact which permitted the maquiladoras to make, at their convenience, decisions based on the ups and downs of the U.S. economy. This meant that they could close the plant overnight and maybe reopen there or somewhere else later, without complying with any labor agreement. Because of this they were called "swallow capital."

We must underline the fact that all this happened with the knowledge and consent of the Mexican government, which, as we have already stated, permitted the conscious violation of the laws of the country thus hurting workers.

The above-mentioned facts let us see that steps were taken in Mexico to impose a new colonization, steps that are advancing rapidly even today, at the end of the century.

Undoubtedly, the maquiladoras in Mexico rep-

resent this process. As stated by Luis Pazos (a neo-liberal in the pay of capitalism), "The maquiladoras and the free trade zones which today exist in some border towns represent the start of free trade."

In 1974 there were almost 150 maquiladoras in Mexico, employing more than 6,000 workers, mainly women."

After this initial period there was a lessening of the crisis (1974-76) in the Maquiladoras which reflected the U.S. cyclical crisis and the demands of the various democratic sectors of Mexico. This was followed by a stage of reactivation of the maquiladora model, without basic changes. This is the year which saw the origin of the present-day model of maquiladora development.

#### **BASIS FOR PRESENT-DAY MAQUILADORA MODEL ■**

The debt crisis of 1982 ushered in the rise of neo-liberalism in Latin America and particularly in Mexico. This crisis occurred within the general crisis of capitalism and the U.S. The background of this crisis is to be found in the '70s.

We must remember that in 1973 the Tricontinental Summit called by the United States took place in Tokyo for the purpose of avoiding confrontation between the U.S., Japan and Germany due to the oil dispute.

We must also remember that the U.S. was going through one of the most complicated crisis in its history caused by the economic and moral effects of the Vietnam War and aggravated by competition from Asian and European blocs. This placed the U.S. on the road to having second class status in the international competition of capital and exports.

At the Tokyo meeting the world was divided into three blocs, under the respective leadership of the above-mentioned countries. Of course the U.S. got Latin America and Canada as their economic reserve. Brezinski announced at that meeting the strengthening of the world capitalist system on a neo-liberal basis.

Nevertheless the U.S. economy did not recuperate and entered the debt crisis of 1982. During the entire Reagan era intimidation was used as a means to compel Latin American countries to solve the U.S.'s financial and trade crisis at any cost.

We should remember that the U.S. unilaterally raised the interest on debts owed to it by almost 66 percent, thus sending the debtor nations into catastrophic internal economic shake-ups.

Despite these measures the crisis in the U.S.

kept getting sharper. It lost trade and financial leadership to Japan and Germany.

Towards the mid-80s the U.S. saw Japanese investments in the U.S. surpass U.S. investments in Japan – and Germany displaced the U.S. from first place in exports. At the same time its foreign debt grew to levels not seen since the end of the Civil War.

It is within this context that Ronald Reagan pressured the Mexican government to sign a free trade agreement or if it was defeated to enter GATT, under the threat of closing the border to Mexican exports if Mexico did not accept these proposals.

Under such an "invitation" the administration of President De la Madrid accepted Mexico's entry into GATT in 1985, after a year of discussion between the two governments, an action that was fought by the Socialist People's Party (PPS) before and after the fact.

As consequence, the Mexican government decided, in 1987, 1988 and 1989, to accelerate the process of opening trade and permitting the importation of U.S. commodities as a means of fighting inflation.

Until 1985, almost all imports were subject to special permits and limits on quantities. Tariffs were up to 100 percent. By 1989, more than 80 percent of articles for import needed no permit.

The causes which explain, but do not justify, the weakness of the Mexican government in bowing down to U.S. pressures, according to Patricia Olave, are the following.

Since the 1970s the model of substitution of imports which guided the Mexican economy since the previous decade was exhausted. The policies of adjustment derived from the debt crisis of 1982 did not work and Mexico fell into a major recession – the weight of the national economy rested more on external factors than on internal ones. Mexico became more dependent from then on.

Additional causes were:

- The higher interest rate on the foreign debt without any expectation of it going down.
- The routing of foreign capital and investments directly to Mexico in place of finding the means to organize savings internally.
- The fall in price of exportable raw materials from Latin America agreed to by the rich countries for their own benefit.
- The rise of protectionism in the industrialized countries and the setting up of greater trade barriers.

**BIRTH OF A NEW FORM OF MAQUILADORAS** ▣ Under these circumstances a new form of maquiladoras came into being in 1984-85 with the following characteristics:

- Appearance of investments with a higher composition of capital. This capital is interested in complete production chains.

- The maquiladoras acquire a more permanent character. This is the case in automotive, electronics and armaments.

- More advanced technology is used.

- Concentration and training of a higher skilled work force capable of meeting the needs of more automated processes.

- Greater involvement of employees in production.

- Capital seeks a better trained and more permanent working-class population and prevents turnover by offering better wages.

This new type of maquiladoras in the economic and social life of Mexico is coupled with growing dependency.

Today's maquiladoras in Mexico can be divided into two different types. One are the so-called "leaders" which have introduced sophisticated advanced technology, more modern techniques for the organization of work and stricter norms of quality control. This raises productivity on the basis of machine intensive capital and permits penetration into the world market of these products with a greater ability to compete.

The other type of maquiladora is labor intensive and uses as its principal weapon the wage differential resulting from the devaluation of Mexican currency.

Within the first group we find factories which are dedicated to manufacturing parts or in assembling machinery and automotive parts, electrical products, electronics and armaments production.

The second group is made up of firms in textile, toys, sporting goods, wood or metal accessories, food, shoe, and furniture.

Today, any analysis of the maquiladoras has to be done in relation to NAFTA. Anything else would have no meaning.

NAFTA is the most important success of the U.S. strategy to compete with the other big world trade blocs headed by Germany and Japan and relieve its financial and trade crisis. This strategy has been projected since 1973 in Tokyo, but the U.S.'s own crisis and the crisis that Latin American countries were forced into by the U.S. impeded

putting it into practice. It was left up to President Bush to implement this new strategy in a way that was different from Reagan's repressive forms but with the same aim of dominating and taking advantage of cheap labor and natural resources of Latin America, especially Mexico.

The U.S. government projected a geopolitical strategy to create an area for production and regenerate weakened capital as well as obtain cheap raw material for industrial production. Once more the U.S. used the principles of the Monroe Doctrine and John Foster Dulles in respect to the Americas.

What President Bush did when he announced his "Initiative for the Americas" was to liberalize the economies of the region and integrate them into an economic bloc.

The first to pick up the gauntlet was Mexican President Salinas who proposed to President Bush, a free trade agreement for North America. Salinas was proud of having had the idea for NAFTA since 1989, i.e., in advance of the U.S. government initiative.

NAFTA went into effect in 1994. From that date on the maquiladora system was modified in spite of there being a bi-lateral treaty that was slated to end in 2001. Because of NAFTA both governments thought it was convenient to modify the maquiladora agreement so that it would conform to NAFTA.

We must bear in mind that in essence NAFTA liberalizes the free market. Within the law of supply and demand anything and everything that can be bought and sold – land, oil, minerals, fish, education, banking, health, transportation, etc – is included. The difference is that the Mexican GNP hardly represents 4 percent of the U.S. GNP – a difference which generates a gross imbalance.

The effects of NAFTA on the maquiladora system is that Mexico must now eliminate all restrictions to U.S. investments which in the past were based on its laws or foreign policy. What in the past was considered unacceptable Mexico is today forced to accept because NAFTA has been converted into supreme law.

Mexico has now accepted the opening of maquiladoras which assemble parts for sophisticated armaments such as missiles, contrary to the traditional Mexican foreign policy of fighting for peace and disarmament.

In this way Mexico has been placed within the domination strategy of the United States as its most important neighbor. In 1993 Samuel Huntington, Director of the Institute of Strategic Research at Har-

vard, said, among other things, that "The sphere of influence monopolized by the West should encompass East Europe and Latin America."

According to the Heritage Foundation the advantages of NAFTA for the United States are accelerated growth of trade between the two countries; growth in employment in the two countries; a determining factor to maintain international competitiveness for U.S. companies involved in the maquiladoras; palpable proof of the benefits of free trade (cited by Luis Pazos, who received a scholarship from the Heritage Foundation, an anti-communist center supported by Reagan).

This same Pazos made arguments in 1990 such as: "The best, and maybe the only, form of reducing the number of illegal aliens into the United States is to encourage American investments in maquiladoras and any other type of activities in Mexico."

It is quite revealing that in 1991 the "Economic Report of the President" speaks of a free trade pact (FTP) before the approval of NAFTA: "A FTP with Mexico will encourage the natural international division of labor; in lessening the global costs of American manufacturing companies a FTP will make these companies more competitive before the imports-exports of other countries in the world market." That is to say that NAFTA is part of the U.S. strategy to increase international competitiveness, consolidating its regional dominance as well as to drive and stabilize growth in its own markets.

Ana Ester Cedeña states:

The developed capitalist countries have found an escape door through economic integration. NAFTA is the most important piece of U.S. hegemony because it multiplies its strategic resources and puts it at the center of world geopolitics. NAFTA appears as the most efficient of the three models of world economic integration. The maquiladora system is on a road to completion which far from being ended is being reproduced.

Confronted by this onslaught of the United States to make Mexico one more piece of its geopolitical strategy, the last three Mexican administrations have surrendered and subordinated themselves so much so that Mexico is becoming a new colony – this time of the U.S.

Clear proof of this are the changes in educational projects of the Mexican government. In agreement with the Northern Border College in Mexico (COLEF) in some Mexican border cities, where there

are an important number of maquiladoras operating, almost 70 percent of all classes for professionals, technicians, workers and research as well as high school classes are tied to the maquiladoras.

The government itself has promoted the spreading of false theories such as Francis Fukuyama's "End of History" and the proposition of the "global village" to try to erase cultural and historic barriers which are opposed to the assimilation of Mexico faced by neoliberalism and NAFTA. Giving this task to the neoliberal intellectual Enrique Krauze they have even tried to change text books to give the youth a distorted and false vision of Mexican history, erasing nationalism and the historic memory.

**OVERVIEW** ■ To date, there are 2,265 plants in the whole country spread out over 29 states of the Mexican Republic. Almost 85 percent of them are located in the border cities. Within the border strip of land the maquiladoras are concentrated in six cities, Juarez, Tijuana, Chihuahua, Mexicali, Matamoros and Reynosa. Among these Tijuana has the greatest number of plants and Juarez has the greatest number of employees. The maquiladoras are concentrated in two areas, Chihuahua and Baja California.

The plants which employ the most are electric, automotive, textile and electronics plants. Textile plants are the most numerous followed by electric and furniture manufacturing.

Maquiladora companies operate in 11 branches of manufacturing industries: food, textile, shoes, furniture and wood and metal products, chemicals, transportation equipment, tools, machinery and equipment, electric materials, electronics, toys, and sporting goods.

The major concentration of plants belong to General Electric (30 plants), Technologies Corp., Brad Street Corp., and Zenith Electronics (13 plants each), Ford Motors and General Electric have 11 plants each.

The maquiladoras do not contribute to the integration and development of a Mexican manufacturing industry. We must emphasize that the maquiladoras do not use national goods. Ninety-eight percent of all goods used in production, including office materials, equipment and even rugs are brought in from the United States. The maquiladoras use only 2 percent of articles bought in Mexico. Not even the packing boxes are Mexican.

As we have said before, this is explained by the U.S. government's protectionist policies which

imposes considerable taxes on all the products bought by the maquiladoras and imported to the U.S. from Mexico.

The other reason is that Mexican industries cannot compete with the goods acquired in the United States. For example, the Mexican electrical industry produces in several months the amount of wire needed by the maquiladoras in one day.

Another reason is that the maquiladoras have no interest in having Mexican industries supply it. For this, companies such as Ford Motors have installed "satellite industries" in Mexico within big complexes which assemble the finished parts. The maquiladoras are complete with no space for anyone else. Thus, it is false to say that the maquiladoras contribute to the industrial and technological advance of Mexico.

**BUSINESS FOR U.S. CAPITAL** ■ Maquiladoras are business for U.S. capital in Mexico. It is known that investments in maquiladoras are 90 percent foreign and 10 percent from Mexican, and even this 10 percent is only investment in the infrastructure like freight ships, industrial parks, minor services such as cafeterias and are not from the production branches or technologies. If the maquiladoras decide to leave they lose nothing.

The defenders of the maquiladoras argue that they constitute an important market of \$25 million and are the largest source of hard currency coming into Mexico after oil and tourism.

It is true that the maquiladoras had an aggregate value of almost \$461 million last year. (Aggregate value is what the maquiladoras pay in wages, acquisitions, costs, utilities) We must remember that an important factor for the maquiladoras is that the U.S. government does not charge duty on imports from Mexico, which increases its profit margin.

Let's also take into account that last devaluations of Mexican currency has doubled the profits of the maquiladoras since the peso has been devalued more than 100 percent in 1995 and that parity continued in 1996 at an average rate of 7.5 pesos to the U.S. dollar.

We must also keep in mind that the average wage in the maquiladoras is barely higher than the Mexican minimum wage, which, for an eight-hour day equals about \$4.25, which in the U.S. corresponds to less than one hour at minimum wage.

This means that the maquiladoras pay in Mexico in wages and services more than eight times less

than in the United States as well as being exempt from taxes by the U.S. as well as the Mexican governments.

We have already seen the notorious difference in the policies of both governments towards the maquiladoras. While the Mexican government and society give all kinds of help to U.S. capital in the maquiladoras, the U.S. government harms the Mexican economy. Mexico provides the infrastructure, complete tax relief, raw materials at almost no cost, energy and ingredient subsidies. Mexico provides a very low cost work force and lets them put their plants wherever they want. The authorities are complacent when they install industries which pollute, (forced to close in the U.S.) that harm the environment and health of workers because of toxic substances. Lack of commitment to use any percentage of Mexican goods in production is allowed, as well as violation of Mexican labor laws. All of this happens with a surprising meekness on the part of Mexican authorities.

Meanwhile, the government of the U.S. stimulates the growth of maquiladoras exempting them from taxes, especially on anything they acquire in that country which makes the maquiladoras avoid buying in Mexico. This is sabotage committed against Mexican industry by the government of the U.S. since it blocks the development of Mexican industries.

In December 1995 the maquiladoras had 680,200 employees; of these 322,000 (48.2 percent) were women and 233,500 (33.6 percent) were men. The rest (18.2 percent) were administrative and technical employees (124,000), who were also majority female.

Of these, 172,000 are employed in electronics and electrical, 156,000 in transport, and 102,000 in textile.

Female participation in this work force has shrunk from 80 percent in 1980 to 60 percent in 1990.

The class origin of the workers is in the main from the peasantry; this is because of the great migrations from the countryside to the cities in the last few decades but, above all, in the last ten years.

In Tijuana's case the migration is from the central parts of the country and not from that state; this is because its proximity to the U.S. draws those wanting to emigrate.

The greatest significance of the maquiladora is the contribution of cheap labor power in Mexico along with financial and other contributions of the Mexican government.

We must recognize that, apart from wages, the workers receive other benefits such as vouchers for cafeteria and transportation and bonuses for inventiveness and efficiency. However, you can't compare this with what is received in the U.S.

There are also differences in terms of union organization among the workers in the cities where the maquiladoras predominate, depending on the tradition of trade union struggle and the class origin of the workers. As extreme cases, we can cite the cities of Tijuana, Baja California, and Matamoros in the state of Tamaulipas. In Tijuana there has been union organization since the 1950s; there has not been a long trade union tradition. There are a few labor federations which compete among themselves; there are no collective bargaining agreements but individual contracts and the companies can easily impose their conditions. There is great turnover of workers who are mainly from the interior of the country, the majority from the peasantry and have no trade union background so wages and benefits are less than in other cities.

On the other hand, in Matamoros trade unionism started in 1925 and there is a great tradition of struggle; there is one labor federation, the CTM and they have collective bargaining agreements. Hiring of workers is done through the same union which has been able to win better wages and there is little worker turnover.

Women, basically young women, represent the weakest link in the maquiladora chain. Of the 50 percent of women workers in the maquiladoras, almost half (120,000) are between 16 and 20 years old and it is exceptional to see anyone over the age of 30.

Under these conditions it is easy to deduce that this is a group that lacks sufficient family support and is inexperienced in birth control methods. The average age of getting pregnant is lower than the national average. Also there is a high percentage of smokers and alcoholism and growing nutritional problems.

We must add to this that there is practically no child care for working mothers. Only 2 percent of working mothers have daycare and these are the ones who work not in the maquiladoras themselves but in the service sector.

The number of men and women that work more than one shift is not small. At times they must use drugs to be able to do this.

In general line workers as well as technicians

have fallen into a situation where they have to use their reduced time off to recoup their energies and return to work for the next shift, without time for recreation, culture or sports, all of which represents a high degree of alienation.

**CONCLUSION** ■ Undoubtedly the maquiladoras have turned Mexico upside-down. They have caused migrations to border cities which lack an adequate urban infrastructure. There are problems of stacking people in improvised housing, growing demands for public services such as healthcare, education, transportation, roadways, water, electrification, safety, and pollution. The local governments cannot cover these services because the maquiladoras provide no income to localities except for workers income. They generate no public revenues.

The worst thing is that there are two Mexicos forming. The north has a relatively developed but dependent economy while the south is being left behind. Today 30 percent of the GNP is concentrated in the northern states. This region is also producing dangerous differences in culture and way of life which threatens to destroy Mexican identity.

Accords on the maquiladoras will end by 2001 but they will not be terminated since they will then be governed by the rules of NAFTA.

There is a plan already underway to permit the sale of a growing percentage of maquiladora products in the Mexican market which began in 1995 (up to 60 percent) until 2000 when they will be able to sell 85 percent in the Mexican market.

We don't know what kind of prices nor what impact this will have on the Mexican economy and on its industries in light of the savings that the maquiladoras have in production costs.

The challenge of the maquiladoras for the patriotic and democratic political forces in Mexico is to prevent the whole country from becoming a maquiladora zone without our own industry or the hope of becoming an independent and sovereign industrialized country. In general we are trying to stop, then reverse foreign capital's neoliberal dependency model and the growing and deepening process of neocolonialism that has been accepted and put into practice by the Mexican governments (from 1985 to today) which is against Mexico and its people. □

# TNCS in Today's Economy

Anna Pha

There are now some 40,000 transnational corporations (TNC) (parent firms) with around 250,000 affiliates in foreign countries according to the *World Investment Report (WIR)*. (World Investment Report 1995<sup>1</sup> (WIR)) These TNCs are shaping a new emerging world economy through their domination of trade, huge financial resources, use of the most up-to-date technology, the internationalisation of production and rapidly growing global investments.

TNCs are defined as those corporations which own or have a controlling interest in subsidiary enterprises in countries other than in the country of the parent company. Such corporations are not new but they have increased in number, wealth and power in the period since WW II. Not all TNCs are large. Many are small with limited areas of operation, resources and foreign investments. The term "affiliates" refers to wholly owned subsidiaries, branches and offices; partly owned subsidiaries or other equity investments (more than 10 per cent) where the parent company has a lasting interest in the management of that enterprise. There are few large monopolies which have not grown into transnational corporations in this period. Germany has the largest number of parent TNCs with 7,003 (1993). Japan is next with 3,650 (1993), then Sweden 3,700 (1993), Switzerland 3,000 (1985), the US 2,966 (1992), France 2,216 (1993), Great Britain 1,443 (1992), Canada 1,447 (1993), South Korea 1,049 (1991). Australia is 17th on the *WIR's* list with 732 (1994) parent companies.

Two-thirds of world trade in goods and services is controlled by transnational corporations. One-third of TNC trade was accounted for by intra-firm activities, that is, between the TNC parent company and its affiliates or between commonly owned affiliates. Another one-third of world exports was between TNCs and non-affiliated firms abroad. Only one-third of international trade is not directly controlled by TNCs and not subjected to their monopoly pricing or other monopoly practices. "In the case of the United States, whose firms are among

the leaders in the internationalisation process ... arm's length transactions are as little as one-fifth of all international transactions." "In other words" says the *WIR*,

four out of five dollars received for goods and services sold abroad by United States firms are actually earned from goods and services produced by their foreign affiliates or sold to them.

One consequence of these developments is that a large and growing share of international transactions no longer takes place between independent agents governed entirely by market forces, but rather in conjunction with international production organized by associated agents under more or less common corporate governance.

In the post-WW II period there has been a rapid expansion and liberalisation of world trade. The easing and removal of trade barriers (tariffs, quotas, etc) at the demand of the TNCs and to facilitate their operations, have played an important role in the growing integration of national economies. Another development is the formation of regional trade agreements and blocs of nations – the European Union, NAFTA, ASEAN, the CER between Australia and New Zealand, to name a few. Trade, however, is now being surpassed by the export of capital as the principal means by which TNCs are bringing about the integration and control of economies on a global basis. The *WIR* says that during 1992-93, the stock of world Foreign Direct Investment (FDI) grew about twice as fast as worldwide exports of goods and services. (The stock is the total value of the accumulated foreign investments of TNCs, including retained profits). Foreign direct investment is defined by the *WIR* as a long-term relationship reflecting a lasting interest and control of a company (or individual) resident in one country in an enterprise in another economy. It implies that the investor exerts a significant degree of influence on the management of the enterprise in that other economy.

The 100 largest TNCs account for one-sixth of FDI. Worldwide, direct investment by TNCs totalled \$222 billion in 1993. The total stock of FDI rose to \$2.6 trillion in 1995. Much of this foreign investment

Anna Pha is editor of the *Guardian*, newspaper of the Communist Party of Australia in which the full text of this article appeared.

is going into already existing concerns through takeovers, mergers and expansion of existing operations, rather than helping to create new businesses. In this way monopolies and other corporations turn into TNCs.

The United Nations Conference on Trade and Development (UNCTAD) (who prepared the *WIR*), estimates that the total profits made by the foreign affiliates of TNCs worldwide were in the region of \$175 billion in 1994. In the case of U.S.-based TNCs, over half of this profit was reinvested and the remainder repatriated for distribution to shareholders.

Profits repatriated is money produced in one country but exported to the country of the parent company. This becomes a serious drain on the balance of payments of the former countries. Most FDI originates from developed countries, particularly from the U.S., the European Union and Japan. Seventy-five per cent of foreign investment stocks are in the developed world, particularly in the above three.

US-based TNCs are responsible for the largest share of foreign direct investments – a total \$610 billion around the globe. This amounted to a quarter of the world's stock in 1994 and makes the U.S. the biggest imperialist investor. In 1994 they invested \$46 billion overseas (down from \$69 billion in 1993). The U.S. was also the largest recipient of foreign investments, receiving one-fifth of world outflows of FDI in 1994. While U.S. capital is exploiting the labor of workers in those countries in which it is invested, foreign capital from other countries is exploiting the labor of U.S. workers.

Japan's foreign investment was \$18 billion in 1994, down from \$48 billion in 1990. This big slump is the result of the deep and prolonged economic recession in Japan. TNCs based in the European Union accounted for 45 per cent of FDI. There has been a steady increase in foreign investment in developing countries since 1990. They received 37 percent of the total FDI in 1994. This investment is highly concentrated, with more than two-thirds of it going to only 10 developing countries. China was the main recipient with \$34 billion. In fact China was the second largest recipient of FDI in the world in that year. There were some 45,000 foreign affiliates located in China in 1993.

By the end of 1990 China had more than 900 TNCs of its own, with more than 4,600 foreign affiliates in 130 countries. These investments have the aim of giving China access to foreign markets and a stable supply of resources. Between 1990-94 China

invested an average of \$2.4 billion a year overseas. The 48 least developed countries only received one per cent of FDI between them.

Africa was largely bypassed receiving only a pittance. Many African countries carried out the structural adjustment programs dictated by the World Bank and IMF, to be "rewarded" with ever higher levels of poverty, starvation, disease and even larger foreign debts. The promised investments and development have not materialized. Since the victory of the ANC in South Africa that country is being blackmailed to implement a structural adjustment program as the price of foreign investment.

While the economic development of any country is dependent on the availability of capital, the terms and conditions being imposed as the price of receiving World Bank and IMF investments, inevitably result in more poverty and degradation for the majority of the people.

The Middle East received 0.6 per cent of world FDI and the Pacific 0.1 per cent in 1994. The former socialist countries of Central and Eastern Europe, after having jumped through many hoops to please the World Bank, IMF, OECD and potential investors from the West, have not received a fraction of the anticipated foreign investments. Massive privatization programs, restructuring and social dislocation have been followed by more demands, more plant closures, privatization, sackings, cuts in social services, while rampant inflation eats away what wage rises workers could get. In 1994 former socialist countries received a total of \$6 billion in FDI, less than was received by Singapore alone. Most of this went to the Czech Republic, Hungary and Poland. The region's total of foreign investment was \$20 billion – very disappointing for those who carried out the counter-revolution. The flow of investments from developing countries is increasing. It rose from five per cent in 1980-84 to 15 per cent (\$33 billion) of global FDI in 1994.

UNCTAD has compiled a list of the 50 largest TNCs whose parent company is located in a developing country. They are based in Brazil (10), Mexico (5), Chile (2), South Korea (9), Hong Kong (7), Taiwan (7), Malaysia (4), Singapore (3), Philippines (2) and India (1). Not a single one of the 50 was based in Africa, the Middle East or any of the poorest countries. However, this development indicates that these selected countries are becoming industrialized and that a working class is being formed where none existed before. This is leading to the for-



mation and growth of trade unions and working-class parties and will have a profound political consequence as time goes on.

The *World Investment Report 1995* (provides a list of the top 100 transnational corporations (TNCs), ranked according to the value of their assets held abroad.<sup>2</sup> These 100 TNCs accounted for one-sixth of the world's stock of foreign investment. Between them they had an estimated \$3.7 trillion worth of global assets in 1993.

The top ten on the list were Royal Dutch Shell, Exxon, IBM, General Motors, General Electric, Toyota, Ford, Hitachi, Sony, and Mitsubishi – predominantly petroleum, electronics, and motor vehicle companies. There were 23 electronics companies in the top 100, 13 motor vehicles and parts, 13 petroleum and mining, 13 chemical, nine food, seven trading and six metals.

Siemens, General Electric, IBM, Philips electronics and NEC are heavily involved in the lucrative military industry. Others included computers, tobacco, aerospace, building materials, pharmaceuticals, forestry products, restaurants, soaps and cosmetics, diversified services and paper. The foreign affiliates of the 23 electronics TNCs accounted for 80 percent of the estimated total world sales in electronics which illustrates how monopolized some very important branches of production have become. Forty-two of the top 100 were based in Europe; 35 in North America (32 in the USA, 3 in Canada); 21 in Japan; one each in Australia and New Zealand. Within Europe, Germany led with 11, followed by Britain and France, with nine each. These TNCs employ large workforces, both in their operations at home and abroad. They have also been major players in "downsizing."

General Motors was the largest employer of foreign labor (motor vehicles and parts – 270,000), followed by Nestle (food – 203,100), Philips Electronics (200,000) and Asea Brown Boveri (electrical equipment – 193,000). Forty of these corporations conducted more than half of their activities abroad. A few examples: Shell had a workforce of 117,000 of whom 85,000 were employed outside the Netherlands and Britain. Sixty-nine percent of its assets are held in foreign investments.

The magnitude of its assets and its power can be seen when they are compared with the size of national economies. Shell's assets of \$100.8 billion were more than double the GDP of New Zealand and three times the GDP of Nigeria which has a

population of over 100 million people (1993 figures). Shell's total sales were \$95.2 billion.

General Electric, the largest TNC by measure of assets, claimed total assets of \$251.5 billion in 1993. This is larger than the GDP of more than half of the OECD's 27 members and only \$30 billion less than Australia's GDP of that year.

General Motors was the largest by employment with a workforce of 756,000 – of which 270,000 (36 percent) were foreign employees. GM's total sales were \$133.6 billion of which \$28.6 billion were in foreign countries. Its total assets were \$167.4 billion.

**FINANCE CAPITAL** ■ The financial corporations are the most powerful of all. They control vast amounts of wealth and are strategically placed in relation to almost every aspect of the economy and people's lives. There has been a rapid growth in the trade of money itself, with national currencies being bought and sold to the tune of more than \$1 trillion daily on the international money markets. This is compared with an estimated \$4.8 trillion in worldwide exports of goods and services for the whole of 1993. Less than one-fifth of these transactions are related to trade in goods and services or capital investments. The remainder is pure speculation and manipulation.

Liberalisation and deregulation of the financial sector has resulted in governments surrendering to banks and other financial institutions and speculators what control they had over currency, interest rates, inflation, investment, capital flows, balance of payments, foreign debt, and the stability and security of the financial system itself.

Citicorp, the largest U.S. bank, made a profit of \$3.5 billion in 1995. It controls \$257 billion of assets in 98 countries including Australia. Just over a third of its 1,203 branches are located outside the U.S. Its operations in the Asia-Pacific area brought in \$781 million in profits last year. Shareholders made a healthy return of 18 percent on their investments last year. Its shares have risen from \$8.50 in 1991 to \$81 each in April this year. Citicorp aims to become a "global brand name" in much the same way as Coca-Cola or McDonald's, selling financial services around the world.

TNCs are increasingly locating their production facilities in different countries around the world, according to where it is the most profitable and competitive. The work may be carried out by the TNC's affiliates (subsidiaries and other offshoots) or contracted out to local firms in different countries.

The break up of production processes "... involves the transportation of materials, semi-finished products and components (the production of which is undertaken by geographically dispersed affiliates) to a single location for the final assembly, and the subsequent export of the finished products."<sup>3</sup> The Netherlands-based corporation IKEA, for example, has a large retailing network which is supplied by 2,700 contractors located in 67 countries. Benetton, the Italian garment manufacturer and retailer with sales of \$1.4 billion in 1994, subcontracts about 95 percent of its manufacturing, distribution and sales. Between 350 and 400 small and very small (mainly Italian) contractors work exclusively for the company. It uses 80 independent overseas agents to manage over 4,000 investor-owned stores, providing the company with local market knowledge.

U.S. companies send data for processing to India and Ireland by cheaper skilled labor. Legal work, research, accounting, management and production are located where it is the most profitable. Internationalisation of production has been made possible by the development of information and communications technology and rapid transportation. "The success of complex integration strategies ... rests crucially on the unrestricted ability of TNCs to trade components and other inputs across borders." One of the main aims of the structural adjustment programs being implemented by governments through the IMF, World Bank and other international agencies is to lift these restrictions.

**NEO-LIBERAL ECONOMIC POLICY** ■ The governments of Australia (under Labor and now the Coalition), New Zealand, Britain, the U.S. and other industrialized countries are voluntarily implementing structural adjustment programs. In the case of many developing countries the programs have been forced on them by the World Bank and International Monetary Fund. There are a number of common elements to Structural Adjustment Programs (SAPs) which have become known as the policies of the economic rationalists. Another name is neo-liberalism. The implementation of these policies have achieved only low economic growth rates in the industrialized countries but have increased the assets and control of the TNCs overall. None-the-less, the capitalist system is, according to some economists, standing on the edge of a world-wide crisis.

The structural adjustment programs call for:

Trade liberalisation – the phasing out of all pro-

tectionist measures. The Uruguay round of GATT, concluded at the end of 1994, paved the way for the liberalisation of trade in goods. Tariffs, quotas, bans, subsidies, discriminatory customs controls and other measures that had protected local industries from competition from cheaper imports are being phased out. To the big corporations they were barriers. To individual nations they were a means to protect local industries from foreign competition and from destruction of the industry and loss of jobs.

The lowering and removal of protectionist measures has encouraged capital to move to the most favorable (meaning the most profitable) investment areas.

Investment liberalisation is the removal of restrictions on inward and outward flow of foreign investments. Although foreign investment is nothing new, it appeared on the GATT agenda for the first time in the Uruguay round, but was confined to trade related investments. The U.S. and other leading western countries are now pushing for all foreign investment, not just investment related to trade and services, to be placed on the agenda of the World Trade Organization. There is strong opposition from developing countries.

At present many countries, including Australia, have restrictions on foreign ownership of land, mining, the media, maritime and air transport, telecommunications and financial institutions. Usually there are sound and important economic, social and ideological reasons behind these restrictions. The World Bank's annual *Global Economic Prospects* report, which was released in May 1996, said that if countries want higher growth rates, they must adopt policies that encourage economic integration by liberalizing their trade and foreign direct investment regimes. It is telling governments to lift restrictions on the operations of TNCs.

At the same time, it warned that these policies might lead "to real and painful costs" but these costs are "manageable" and probably essential for sustained growth.

Financial and general deregulation – including the lifting of restrictions on the entry and operations of foreign financial institutions and the floating of currencies. In developing countries and the former socialist countries, currency devaluation has made the buying up of assets cheaper for foreign investors, the price of imports has gone up and living standards gone down. Virtually the only economic lever not deregulated is interest rates.

Deregulation of industry – replacement of government regulation with self-regulation, as for example in the meat industry. Safety and health standards in industry are also increasingly left to “self-regulation.” Only absolutely essential government regulations are retained. Government marketing and price-fixing arrangements such as for wheat, wool and dairy products have been withdrawn or substantially weakened.

Spending cuts – government spending on health, education, housing, pensions, community and other public services are being slashed. Budget deficits are being kept low or brought into surplus and public-sector debt reduction has become a priority overriding social responsibilities.

Tax reforms – corporate taxes and incomes taxes for high income earners are being slashed, income tax scales flattened and goods and services taxes introduced. The aim is to reduce or even eliminate corporate and income taxes and replace them with taxes on consumption. This will boost profits and lower the taxes paid on dividends and other income for the wealthy.

The bulk of government revenue would then come from indirect taxes, particularly on consumption, shifting the burden onto low-income earners who will end up paying a larger share of their income on tax.

Deregulation of the labor market – the state is withdrawing from the governance of relations between labor and capital, while retaining and even strengthening oppressive penal powers. It has as a principle aim the introduction of a master/servant relationship with minimal intervention by the state.

In the name of productivity, efficiency and international competitiveness, working conditions and wages are being driven down. The call for “international competitiveness” in the labor market is driving wages and conditions down to the lowest levels. To achieve this objective, Australian workers are pitted against workers in other countries, either directly by TNCs shutting down and going offshore where labor is cheaper or by such schemes as “world’s best practice.”

**GLOBALIZATION** ■ The globalization of production processes, communications and transport have resulted in far-reaching changes in the economies of all countries. These changes do not alter the fundamentals of capitalism. Capitalism is still based on the exploitation of the working class and the domi-

nation of the capitalist class over the working class but the changes are significant and are affecting all countries and all people.

All those who are struggling to achieve a better life for the people with good living standards, social security and a preserved environment have to understand and take the changes into account. The changes do not relegate the struggle for socialism. In fact, they make that struggle more necessary than ever, and also create the conditions for its success.

The transnational corporations are now the dominant form of monopoly capital. The tendency of companies to extend their operations internationally is going on in all the major industrialized countries.

The majority of TNCs still have a national base but there is also a tendency for some TNCs to become supra-national in their capital structure and management. However, in the main we can still talk of U.S., Japanese or Australian-based TNCs and the national governments of these countries protect the interests of “their” corporations.

There are, however, conflicts within governments over whether to pursue the interests of international capital or national capital.

This was behind the split in Britain over the European Union which saw Margaret Thatcher deposed. Governments facing electorates are under pressure to protect local industries and jobs. These same pressures are a driving force behind inter-imperialist rivalries which look set to become sharper in the future. However, the policies dictated by the World Bank, the IMF and the World Trade Organization, which are looking after the interests of “world capitalism,” are being increasingly implemented either willingly, or in some cases under protest, by many governments.

State monopoly capitalism is a term used to describe the marriage of the state instrumentalities and governments with monopoly capital. The state intervened to deal with destructive economic and social crises, to provide centralized infrastructure that was beyond the means of individual capitalists, to regulate some aspects of the economy, even to redistribute wealth. All this was done in the political and economic interests of capital even though there was a pretense that the state stood above both the working class and the capitalist class and administered affairs in the interests of “all the people.” Globalization and the growth of TNCs with their international interests are now bringing about significant changes in the relationship between corpo-

rations and the state as we have known it. This does not mean that the state has ceased to play a very important role, but the changes are far-reaching.

The question needs to be asked: what powers or functions will elected governments have if privatization and deregulation take their full course? Should governance remain national? The TNCs answer: "No." They see national governments, each with their own laws and regulations, as a barrier to their unfettered operation. Bodies like the World Bank argue that national governments are subject to political pressures and are likely to make decisions based on social and political grounds instead of on a purely commercial basis.

In the structure of the European Union the elected European Parliament is not the most powerful body. The bureaucratic executive body being built up has more power. National governments are now abolishing the regulations which they had previously legislated and implemented. Their responsibility to provide infrastructure and formerly sacrosanct "government services" are being handed over to the private sector.

The "deregulation of the labor market" also means that certain controls over industrial relations by the state ) are being abandoned. Victorian Premier Jeff Kennett, who sacked all local councils in that state to carry out a massive reform of local government, was not joking when he raised the question of not holding elections. The appointment of business representatives to local government is already happening in some OECD countries.

Rob Ferguson, Managing Director of Bankers Trust says: "We are unclear about the prospects for democracy in the global village. We have no idea how to reproduce parliamentary institutions at the supra-national level."

The accumulating consequences of these developments threaten the existence of the democratic rights won in what are known as bourgeois democratic states. New forms of economic and political administration are emerging. The big corporations are directly taking over the functions of the state. Many questions remain unanswered. What is certain is that the instruments of repression will remain, either in the hands of national states or in new structures established by the TNCs. The ruling class is fully aware of the resistance that their policies are engendering and are strengthening police forces, building more prisons and building up armed forces which they hope will be loyal to their objectives.

**IMPERIALISM** ■ Lenin described imperialism as the monopoly stage of capitalism. He wrote:

Imperialism is capitalism at that stage of development at which the dominance of monopolies and finance capital is established; in which the export of capital has acquired pronounced importance; in which the division of the world among international trusts has begun, in which the division of all territories of the globe among the biggest capitalist powers has been completed.

This definition remains valid today. Although the national liberation movements of the former colonial countries won their political independence, this was not followed by economic independence in many cases. The present situation is marked by a substantial increase of foreign investments in many countries. These investments are not for the benefit of the people of the countries concerned but for the purposes of exploiting the labor and resources of those countries. They also result in the sovereignty and independence of nation states being over-ridden. Supra-national organizations – the World Bank, the IMF and the World Trade Organization – have also been established which are implementing policies in accord with the over-all interests of the big corporations.

Critical decisions such as privatization, public spending, job creation, industry protection, currency relationships, protection of the environment, capital investment and interest rates are removed from national governments and the public domain and are often directly dictated by these organizations.

The people of countries are not consulted. The managements of these supra-national bodies are not popularly elected. There are many areas such as shipping, telecommunications, the environment, national borders, human rights, nuclear weapons, the patenting of life, where international agreements and laws are highly desirable.

Such agreements are necessary given the inevitable process towards globalization but they should be brought under the control of the General Assembly of the United Nations, which should also be democratized and given the necessary powers to act to meet the needs of the people of all countries, not those of the bankers and industrialists.

That is the crux of the matter – how are these agreements to be reached and whose interests are to be served?

The globalization of production processes means that the big corporations are acting on a global scale

and their managements think and plan on a global scale. The organizations of the working people must do the same.

The possibilities and the need for this are more urgent than ever. The need is more urgent because of the rapid intensification of exploitation, the impoverishment taking place, and the destruction of the environment which goes along with TNC exploitation. The slogan "Workers of all countries unite!" advanced by Marx and Engels in the *Manifesto* of the Communist Party has never been more valid.

Solidarity can take place in a variety of ways such as sending financial and moral support, boycotting products produced by strike breakers, joint strike struggles by employees of the same corporation in a number of countries, and giving publicity to struggles in other countries. There are a number of democratic international bodies such as the World Federation of Trade Unions, international peace bodies, networks of NGOs and others, already in existence. They should be supported and strengthened. As part of this, the international Communist movement must also strengthen its ties and consider new ways to effect international solidarity.

While there have been important changes in the composition of the working class in many countries there has also been a rapid increase in the number of working people in most countries. The scientific and technological revolution has brought about these changes, altering the nature of work in many areas. A greater proportion of workers have higher qualifications. Jobs that once involved manual labor are now performed by a computer or by pushing buttons or switches. Scientists and technical workers are increasingly involved at the point of production. Furthermore, the majority of workers in industrialized countries are now employed in services and trade, as against the production of material goods.

All workers are exploited whether producing a commodity or providing a service. In fact, some of the harshest exploitation occurs in service industries such as hospitality or in the provision of health services (nurses). There is a big job to be done to unionize some of these areas. Some have become key areas in the economy.

Contrary to some assertions, the working class is not disappearing nor is it being absorbed into the capitalist class as the class struggles in many countries show.

The capitalist class has built up a whole mythology of terms to hide its real objectives as it knows that

what is being done is developing mass resistance. Terms such as "togetherness", the "common interests of employers and employees," "the national interest," "balancing the budget," "equity," "fairness," while often having an element of truth, are used to impose the objectives and interests of big capital.

A priority is to expose the real meaning behind these phrases and to counter them with working-class ideology and political concepts and slogans which meet the needs of the people. Class consciousness and collective action are needed.

The possibilities for unity between workers, farmers, small business people, students, and others on the receiving end of TNC policies has never been better.

If the structural adjustment programs are taken to their logical conclusion it is questionable whether the many social gains and state structures of the past can be restored in their previous form. Globalization and its consequences are here to stay and must be taken into account in the formulation of policies. The strong opposition to the present policies and the ravages which they are causing in the community, is creating the need and possibility for much more far-reaching and fundamental social change.

The struggle for socialism is going to be put higher on the agenda. Popular democracy, economic planning, the extension of public ownership are the conditions necessary if policies in the interests of the people are to be implemented. There are, of course, immediate issues and priorities. They include: preservation of existing democratic and trade union rights; maintenance of the sovereignty and independence of nations; opposition to privatization; extension of the public sector; reversal of the program of deregulation and the winning of democratic controls; maintenance of social standards; and implementation of measures to save and renew the environment. The task is to make globalization, modern communications, technology and all the scientific developments work for the people. That means planned production, environmentally sustainable use of resources and democratization of economic relations – a new world order for the people – socialism. □

#### Notes

1. *Globalization, Bankers Trust Annual Review 1995*, p 7.
2. The list does not include financial institutions, because of the difficulty of comparing their assets with other corporations.
3. From a paper given by three UNCTAD personnel at an OECD Round Table, published in *New Dimensions of Market Access in a Globalising World Economy*, OECD, 1995, Paris, p. 63

# Money has no Country

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Phillip Bonosky

John Foster Dulles' contribution to political foresight was showcased in a speech he made before the Economic Club in New York City March 18, 1939. Looking the world over that year from his post at 48 Wall Street, when the most devastating war in history was about to erupt, Dulles saw that "there is no reason to believe that any of the totalitarian states either collectively or separately would attempt to attack the United States. Only hysteria entertains the idea that Germany, Italy or Japan contemplate war against us..." And therefore we should continue to send Japan our scrap iron.

Laughable today, one must not suppose however, that such confident opinions concerning the motives of Nazi Germany, fascist Italy and militarist Japan (which had already invaded Manchuria in 1931) were based on no solid – or what appeared to be solid – grounds. Incidentally, in 1939 nobody, even its enemies, had yet thought to include the USSR as a "totalitarian" state.

Dulles was a corporation lawyer, par excellence. He already had a long history as an eminence grise in politics, having helped work out the scheme by which Herbert Hoover, at the end of WW I, hoped to force the newly-born Soviet Russia to its knees from hunger as a result of a blockade (much as Cuba is in our times).

By 1939, Dulles was the senior partner to Sullivan and Cromwell, whose representatives sat on more than 40 other corporation boards (including United Fruit, dealing with the elder Somoza in Nicaragua – the one Roosevelt was to refer to as: "He's an S.O.B., but he's our S.O.B."), as well as numerous banks and utilities. All had international connections, particularly with Germany, but also with Italy and Spain, before and after Hitler, Mussolini and Franco. Dulles' tentacles reached far and did not suffer from parochialism. His financial dealings with foreign countries often dovetailed with America's political dealings with them. Indeed, they merged in the end and became one and the same.

Through the magic of interlocking directorates,

Dulles, as a director of the Canadian Nickel Corporation, as well as through his connection with J. Henry Schroeder Banking Company which had offices in Berlin – represented by Heinrich Albert and Gerhardt Westrick – was brought (one might almost say) by a natural progression into a price-fixing alliance with Germany's I.G. Farbenindustrie.

Dulles had not always had smooth sailing in his career. Poor eyesight had kept Major John Foster Dulles out of active service in WW I, but not from serving on the War Trade Board whose function was to dispose of seized alien property, a chore for which his eyesight seemed to be more than adequate. Still, in his 20's, Dulles was already a partner in Sullivan and Cromwell and was hired by a certain Richard Merton who was trying to get back his money (\$5.5 million) realized from the auction sale of his company (German) by the Alien Property Custodian.

Why the young Dulles? Obviously because of his connections. With Warren G. Harding as president, "government connections" meant connections with thieves, most prominently Harry M. Daugherty, attorney general, who was the key figure in what later turned out to be the notorious Teapot Dome scandal. Accused of taking huge bribes – \$200,000, for instance, to restore German property seized during the war – Daugherty was one of the first to alibi his refusal to surrender what would have been incriminating documents, on the grounds that to do so would violate "national security." Even then he sensed the value of redbaiting, accusing his accusers of being "received in the inner circle as comrades." It worked for him; he survived two mistrials.

Merton dismissed Dulles as his attorney because of what he considered Dulles' bad advice: that his company, Metallgesellschaft, should declare bankruptcy in order that the Societe Suisse, to which the assets had been transferred, could collect from the Alien Property Custodian more readily (Metallgesellschaft would become allied to I.G. Farben and Dulles maintained his connection to it).

We are not concerned here about the rights or wrongs of this particular deal, but merely to estab-

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Phillip Bonosky is writing a book on the Cold War from which the above article is excerpted.

lish the moral context in which Dulles swam as his natural (despite his much advertised religious connections) environment: lies, bribery, huge financial killings based on nothing but his strategic political connections. Those who knew him then before his full political power had developed, dismissed him, not only because of his incompetence as a lawyer, but because he was "a scoundrel who should be disbarred." Summing up his defense of Daughtery in whose trial Dulles had been called to testify, Max Stuer, a celebrated attorney in his day, pulled no punches when it came to characterizing the over-ambitious young Dulles. Said Stuer:

Now I don't want to besmirch any lawyer, but you take it from me, if John Foster Dulles wasn't Lansing's nephew and that gave him the privilege of going to the Peace Conference carrying a bag (to collect the bribe), and if he lived on Rivington Street, and if his client went on the stand as Merton did, and testified as Dulles advised him, to go into bankruptcy to collect the (now) \$7,000,000 claim, Rivington Street would be turned upside down and the Grievance Committee would not rest until that lawyer had been disbarred.

Stuer was not above reminding the jurors that Dulles' Anglo-Saxon, Presbyterian antecedents, as well as his connection to Robert Lansing, one-time secretary of state under Wilson, gave him the kind of protection and access to the top echelons of power no Jewish lawyer from New York's lower East Side could ever hope to aspire to.

Stuer was induced later to apologize to Dulles for his "intemperate" remarks, justly or unjustly made. What concerns us here is the glimpse we are given, of the kind of world which the young Dulles took hold of, and why, while lawyers from "Rivington Street" could only dream of his advantages, he not only took them for granted, but added to them until they amounted to an archipelago of power that made it possible for Sullivan and Cromwell, for all practical purposes, to substitute for the government in dealing with foreign countries. For Dulles, Hitler was no more than an instrument of Sullivan and Cromwell via the State Department.

His connections with German firms were many and detailed. In his defense, if one is inclined to make a defense, one should be reminded of the fact that although Dulles had a hand in determining the policy of dozens of firms spread all over the world, he didn't particularly care what they did except

insofar as what they did affected the rate of profit. He was interested – and would later claim no more – in foreign firms only as a businessman. That they made a profit for him burning human beings was not relevant.

**FINANCING HITLER** ■ I.G. Farben was an industrial mainstay of Hitler's regime and one of those industrial conglomerates whose directors on Feb. 20, 1933, met with Hitler in Hermann Goering's apartment, along with other of Germany's leading industrialists and financiers and pledged him their full support. I.G. Farben pledged "the largest, single donation" (400,000 marks). These men, of course, were the "plutocrats" (an estimated 10,000 of them) of Germany that Hitler had inveighed against in rousing speeches which were taken by his declassed listeners, as attacks on capitalists heralding a social revolution, but whose position and wealth (at least the non-Jews) remained untouched.

Germany's millions of workers and disinherited middle class already accepted in principle the overthrow of capitalism. In their majority they belonged to the Social Democratic Party, which was pledged to institute socialism when (and it seemed like a matter of just when) they came to power with a parliamentary majority. The Communists made up the second party representing millions of workers (mainly the unemployed). Together – if they could get together – they had a majority.

Why would Germany's most powerful industrial and financial moguls wish to fund a "revolutionary" who, his followers thought, was dedicated to their overthrow? Were they about to commit hari-kari? Why would international capital wish to support him? Why would England's Lloyd George? In any case, as a result of the meeting in Goering's apartment, the plutocrats were given the kind of reassurances that impelled them to compose a letter to President von Hindenburg demanding that he appoint Hitler as Reichs Chancellor.

Support from both German and international financiers (including some Jewish) came at a crucial moment. If they had withheld financing that would have meant the end of Hitler, who absolutely needed their funds and approval to go on. (Similarly, Mussolini's fate had been in the hands of Morgan). Of course they entered this bargain with the devil with their eyes open. They knew what they were buying. First of all, the taming of German's working class. This was done, and then the deadly monu-

mental attack on the center of world revolution, the Soviet Union itself.

All to the good. From that meeting (supplemented by others) the road to Auschwitz lay straight ahead. There too, at Auschwitz, I.G. Farben introduced new methods for the extermination of workers, Social Democrats and liberals, and as a "bonus" the Jews, homosexuals, Gypsies, which not only eliminated them physically but toted up a hefty little profit at the same time. "God-fearing men all," they understood their American partners, the Dulles brothers, for nobody was more God-fearing than were they. Dulles was to become head of the Commission on a Just and Durable Peace of the Federal Council of Churches of Christ.

**FORD'S TIES TO HITLER** ■ But no matter. Such misalliances were the rule. By the outbreak of war in Europe in 1939, and still operating up until 1941 when America got into the war, most of America's major corporations had looked into some kind of commercial and financial deal with what was to be the enemy." Henry Ford, for instance, already awarded the Grand Cross of the German Eagle in 1938, (and, who had spotted Hitler as a coming force in the early 1920s), was assured by his German agents, among them Heinrich Albert, that no harm would come to his interests in Germany. And they were as good as their word. Heinrich Albert looked after Ford's works in Cologne and in German occupied France where Ford kept on producing trucks turned over to Hitler. All profits were scrupulously recorded and duly handed over to Edsel Ford when the war ended. Albert was a Dulles' partner. So, too, was the Nazi, Gerhardt Westrick who looked after the interests and protected the profits of IT&T throughout the war. Ford need not worry, nor IT&T.

And indeed, no serious harm ever did come to Ford's factories in Germany and Vichy France. Even at the height of the bombing, the Allies with exquisite sensitivity and extraordinary precision, managed to see to it that few bombs fell by design on these factories.

Every pfennig of profit from manufacturing material that was supplied to the Nazi army was scrupulously entered into the well-kept account books by Ford's conscientious German Director, Albert, who, during World War I had (not coincidentally) been in charge of blowing up American ships, infecting American cattle with diseases and spreading some 400 million American dollars

among "publicists" only too willing to accept them, in the crusade to undermine, blunt and even reverse anti-Kaiser sentiment in the country. One of Albert's assistants would be a man by the name of George Sylvester Vierick.

Again, no matter. When Dr. Heinrich Albert was exposed by the *New York Herald Tribune* (1940), as running a spy ring now for Hitler, as he had earlier done for the Kaiser, it was Dulles who came stoutly to his defense. Said he: "I don't believe he has done anything wrong. I knew him in the old days and have a high regard for his integrity."

Good! Of what could Albert be guilty except of doing business? In Dulles' circle the difference between the Kaiser and Hitler was nominal. Brown shirts, Kristalnachts, concentration camps: all was foreground and replaceable. What persisted was the world of banks and corporations, and the fact that both brothers had direct financial interests in them all. When the brother, Allen, became head of the OSS (Office of Strategic Services) during the war, he hardly felt a bump as he transferred from his corporation boardroom meetings to his meetings with the top spy outfit of the USA.

Still, Dulles ran no risk either as politician or citizen, in identifying himself as a defender of a German Nazi spy. That was 1940. A war had begun but had not yet reached Wall Street. Nor was he called to account for publishing in his book *War, Peace and Change* (1939), that (paraphrasing Lord Lothian): "it would be iniquitous, even if it were practical, to put shackles on the dynamic peoples [the fascist regimes, Italy and Germany] and condemn them forever to acceptance of conditions which might become intolerable."

The then-Senator Claude Pepper had wanted Congress to investigate Dulles' "relationship to the banking interests that rescued Adolf Hitler from the financial depths and set his Nazi party up as a going concern." Needless to say, no such investigation took place. For the truth was that the connection between American and German finance capital before, during and after the war was so general, that by that very fact it escaped indictment as criminal. For to indict the corporations and banks that did business with Hitler was to indict a good part of American capitalism itself. "By the time the present war broke out," Sims Carter, Assistant Chief of Economic Warfare Section of the U.S. Department of Justice, told the Kilgore Committee in September, 1944, "most of Germany's leading industrial, com-



mercial and banking firms had American connections. Even after hostilities had begun, key figures continued to arrive in the United States and other parts of the hemisphere from Germany."

Such German visitors dropped in the Wall Street offices of Sullivan and Cromwell, too, and exchanged toasts with the abstemious future Secretary of State, and his brother reeking of halitosis, but the future head of the CIA and not incidentally a persistent womanizer.

Within a single week of May, 1942, the U.S. Department of Justice uncovered no less than 162 cartel agreements between the German I.G. Farben trust and American business firms. Cartels which remained operative during the war years, or were temporarily "suspended," covered chemicals, rubber, magnesium, zinc, aluminum and many other vital products. Some of these cartel contracts were legally valid until after 1960.

Senator Kilgore's 1944 inquiry uncovered the fact that DuPont and I.G. Farben had "a gentleman's agreement by which each was to give the other first option on new processes and products." (A senator from Missouri cried then: "I still think it's treason.")

In fact, so tight was the connection between American firms and Nazi firms that if the United States wanted the formula for making synthetic rubber which had become a vital need as the sources of natural rubber in Southeast Asia were cut off by the German submarines and Japanese conquest, it would have been necessary to steal it from I.G. Farben. It couldn't ask Standard Oil to give it the formula, for Standard Oil considered its financial agreement with I.G. Farben as taking precedence over national needs. A pledge of allegiance to a business partner supersedes the pledge of allegiance to the flag. In fact, if anyone in America tried to steal the formula and was caught, he could go to jail. And thus Germany's panzers rolled over Europe on tires guaranteed by Standard Oil and Dulles. The Luftwaffe too owed its aluminum planes to Mellon's Alcoa, with thanks. For that same aluminum was kept off the American market. And as for Pearl Harbor...

No matter; it all washed out. It wasn't to be taken too seriously nor should one waste tears over it. True, it wasn't altogether nice. And for a brief period after the war, some big companies were actually brought to court. Du Pont's Allied Chemical and Dye Corporation, E.I. Du Pont de Nemours'

General Dyestuffs, General Aneline and Film Corporation, were found guilty and fined \$15,000 for "trading with the enemy during war time." Lamont Du Pont was fined \$5000. He had helped fix prices, divided up the market, restricted production, dealt with I.G. Farben and Baron Mitsui of Japan. None of this prevented one of the beneficiaries (Lamont Du Pont) of these crimes from running a few years later for president. Du Pont also "financed the Liberty League, Sentinels Crusaders, and one dozen native American fascist outfits." And if the earth was God's footstool, then the state of Delaware with its endearing accoutrements of a legislative chamber of two houses, a governor, a judiciary system - all recognizable symbols of democracy - more than adequately served as the Du Pont family's footstool, and perhaps with greater sanction.

**WHO SUPPLIED HITLER'S AIR FORCE?** ■ One could claim, with very little exaggeration, that it was American capitalist "generosity" that built up Hitler's air force. In hearings before the Committee on Naval Affairs (July 2, 1940), as the Senate pondered the question of nominating William F. Knox as Secretary of the Navy, Senator Homer Bone (Wash-R) remarked:

"I am pointing out that in 1934-35 Hitler was supplied with hundreds of the finest airplane engines manufactured in this country."

To which Col. Knox replied: "I know they bought our engines, yes."

Senator Bone: "Not only that, but patent rights, building rights in the engines were sold freely by American manufacturers to the German government with the consent of the government...You were aware, of course, that under the Versailles treaty, Germany was forbidden to rearm in that fashion?" Knox: "Yes"

Bone: "So we cannot be absolved from our responsibility in making Hitler's menace in the war..."

No, indeed, the American corporate world cannot be absolved from that responsibility any more than it can be absolved from supplying Japan with key raw material, like aluminum and oil. Nor can this selling to one's enemies be attributed to greed before whose autocratic command all restraints dissolve, including the loyalties offered to simple patriotism. For, while American corporations were supplying Hitler with raw material and even patents with a lavish hand, they simultaneously kept a tight

rein on all commerce with Soviet Russia, even though the Soviet Union presented them with an enormous market for their goods, especially during the Depression. (As exceptions, a few American corporations were kept afloat during the Depression, because of their business with the USSR).

If it seemed like madness to some and treason to others, such deeds ranked low in moral culpability. We can assume that Lamont Du Pont did not miss the \$5000, and in fact took the nominal fine to be a tacit exaggeration of his and his company's criminal activities, and discounted in his taxes as a business expense. The actresses who refused to wear Japanese silk to protest the invasion of Manchuria would rue the day, and both would have to grovel in public denying they were Communists because of such extravagant gestures at a time when their betters (and later TV sponsors), were equipping the enemy with the means of killing American boys.

It didn't matter. The very arguments which Hitler had used to persuade German finance-capitalists and behind them British and French, that they would not regret putting money into his bank account, persuaded the Americans too to accept the "hard facts" and the way things are, "the price for fighting the Bolsheviks."

And, as for that notorious "bottom line," what did it finally show? It showed for instance, that, thanks to the Standard Oil-donated formula for making synthetic gasoline, Nazi production of that key source of energy rose from 1,150,000 tons in 1938 to 6,000,000 tons by the beginning of the war.

With an absolute monopoly on the manufacture of aluminum, the Nazis were able to raise aluminum production, key to the manufacture of airplanes, from 19,000 tons in 1932 to 200,000 in 1939. By comparison, in the USA an aluminum shortage was revealed.

But it all paid off to investors, not only in Germany, but not least of all, in the USA.

Ah, but will misunderstandings never cease! How is it possible to confuse friend with foe? With war's end in March 1945, when the American officers reached the portals of Farbenindustrie in Frankfurt, they were met in his office by the then-director, Georg von Schnitzler, an early (1930s) financial contributor to the Nazi party, with a hearty handshake and the cheery words: "Gentlemen, it's a pleasure to be doing business with you again." □

### Davis, continued from page 5

The problem with workfare is not with some provisions of the law and regulations or how it is administered. It cannot be made "fair" or run better. We must disarm it now, before it blows up our unions and knocks out the growing movement demanding real jobs.

- Freeze and reverse workfare now! Launch a united political and legal attack by labor and community forces. No agreements or contracts to further implement workfare.

- Organize workfare participants! Start a joint organizing drive by public workers' unions, helping participants protect their few rights in the program, demanding safe, decent working conditions and treatment, and fighting for real training and jobs.

- Continue the fight to defeat the right-wing! Build on the experience and gains in the 1996 elections with the goal of toppling the Republican majority in 1998.

- End poverty as we know it as the first act of

the next Congress! Start organizing now to demand a livable wage for all until jobs are found or created. End workfare and repeal the massive cuts and abuses in the Republican law.

- Create jobs and make full employment a national policy! Pass the Martinez public works jobs bill. Cut the work week to 30 hours with no cut in pay and restrict overtime. Guarantee the right to organize. □

#### Notes

1. *Welfare Reform* (1995) 24 pp. The Twentieth Century Fund, 41 East 70th Street, New York, NY 10021
2. *Ibid.* pp. 10, 14, 16.
3. *Workfare: the Real Deal*, by Liz Accles and Liz Krueger (18 June 1996) 15 pp. Community Food Resource Center, 90 Washington Street, New York, NY 10006.
4. "Skilled Trades Are Replaced by 'Workfare'" by Peter Benjaminson in *The Chief-Civil Service Leader*, 8 November 1996, p. 1.
5. *Ibid.* Information from Parks Department memos.
6. Information provided by New York Committee for Occupational Safety and Health.
7. "WEPs Allowed To Take Jobs of Gov't Staff" by Peter Benjaminson in *The Chief-Civil Service Leader*, 27 September 1996, p. 1.
8. *Ibid.*

#### **SPAIN**

Thousands of workers took to the streets in downtown Madrid and in regional capitals on October 15 to protest a freeze on public sector wages. The freeze is directed at squeezing finances into shape for Spain's acceptance into the planned European economic and monetary union.

#### **BELGIUM**

This country was rocked on October 15 by the outpouring of a quarter-million people in outrage over the dismissal of the chief investigator of a murderous child sex ring, in which four girls were killed and six others are missing. Thousands of striking auto workers marched on the Brussels Justice Palace; bus drivers blocked a local court in Northern Antwerp, steelworkers struck in eastern Liege, rail workers stopped all traffic on a busy Brussels intersection, firefighters and oil workers set up picket lines. Sparking the spontaneous mass outrage was the widespread belief that the Supreme Court's dismissal of the chief investigator was an attempt to cover up for and protect powerful people involved.

#### **PAKISTAN**

The home of a Pakistani minister was put under siege in the northwestern town of Minagera on October 13 by hundreds of students protesting higher, tuition fees. Government buildings in several other cities were attacked. Police fired tear gas and charged demonstrating students with batons in another town, Mingera, and dozens of students were arrested.

#### **NORTH KOREA**

The *Minju Choson* newspaper charged in its October 15 issue that Japan, refusing to recognize its war crimes and seeking to whitewash its aggressive history, is driving for greater international political power to realize its ambition for overseas expansion and aggression. This sharp criticism coincides with South Korea's announcement that it will increase

military spending to \$16.7 billion for 1997, an increase of 13.5 percent over 1996. The South Korean government, supported by Washington, used the mishap of the grounded North Korean mini sub as a pretext to justify the large increase in military spending. On October 18, CIA Director Deutsch arrived in Seoul for "urgent security talks" with the South Korean government. The purpose of his mission, according to the U.S. Embassy, was to "discuss transnational threats to the security of all nations" and to "encourage South Korea's continued support for the international community's efforts to combat these challenges."

#### **FRANCE**

On October 16, a one-day strike by journalists to protest government plans to raise their taxes left newspaper kiosks bare with only *L'Humanite*, the Communist paper, and the left-leaning *Liberation Paris* available among national papers, along with a handful of provincial papers. Unemployment in France is now over 3 million people or 12.6 percent.

#### **AFRICAN CONTINENT**

On October 14, U.S. Secretary of State Christopher completed his five-nation African tour aimed at extending Washington's role in Africa, by winning support for an African Crisis Response Force. According to Christopher, it would comprise 10,000 troops from several African countries and be trained, equipped and sponsored by the United States and its western allies. "The U.S. would like the force to be operational within four to six months to deploy rapidly into African conflicts," he said.

The Organization of African Unity criticized the proposal for the failure to approach the 37 other sub-Saharan nations out of a total of 47. President Nelson Mandela said that the initiative for such a force should come from the United Nations, not the U.S., and further that it must be discussed also with the Organization of African Unity as well as with the South African Development Community. Commenting on Christopher's African tour, the South

African Press Association said, "It turned into a fiasco."

#### **SOUTH AFRICA**

Two prison escapees from South Africa, now in Britain who are members of the far-right white supremacist Orde Boerevolk, have revealed they worked for South African Military Intelligence. The South African Communist Party has called for the investigation into the assassination of Communist leader Chris Hani to be reopened to determine if the assassination, already proven to be linked to the Orde, was thereby linked to military intelligence or any other apartheid state structure.

The Congress of South African Trade Unions (COSATU) has strongly criticized the government's new macroeconomic policy as being based on World Bank/IMF economic reform models that favor the needs of conglomerates and multinationals.

#### **CHINA**

The opening broadcast of Radio Free Asia (RFA), on September 30 brought on angry reaction from many Asian countries. On that broadcast the head of RFA said that it would play the same role in the realm of ideology as Radio Free Europe did. The *China Daily* newspaper quoted a U.S. Congressman as saying, "Why not use the same perseverance and energy used to break the 'iron curtain' to attack the 'bamboo curtain?'" It pointed to the CIA's role in RFA, declaring that the aim was to create chaos and disturbance.

#### **JAPAN**

The domestic manufacturing industry lost 500,000 jobs between 1991 and 1995. If manufactures continue to shift production overseas 1.2 million workers will lose their jobs.

The Communist Party increased its seats in recent elections from 15 to 26 in the parliament.

#### **MEXICO**

On the first stop of an extended trip to defuse the fury of U.S. trading partners against the Helms-Burton and D'Amato Acts, Stuart E. Eizenstat, Com-

merce Department official, was pelted with eggs in Mexico. For two months, traveling to 12 countries which included "America's closest allies," Eizenstat was met with denunciations, formal protests and "the most undiplomatic language I've ever seen," according to a State Department spokesman. There was nothing personal against Eizenstat. It was directed at the idea that if the U.S. could get away with economically strangling Cuba by cutting off its trade, what is to stop it from trying the same with other countries?

At a summit of the G-15 nations in Harare Zimbabwe Mexican Foreign Minister Jose Angle Gurria, strongly castigated the U.S. government for its discriminatory practices against Cuba and called on all participating countries to adopt laws nullifying its effect.

#### **FRANCE**

The French government has joined a number of other nations in refusing to go along with Washington's drive to prevent the reelection of Boutros Boutros Ghali as Secretary General of the United Nations.

Fed up with crowded classrooms and more job cuts, French teachers went on strike nationwide at the end of September to press the conservative government to back off its austerity budget. It was the first nationwide walkout in what has been an autumn of major labor job actions.

#### **UKRAINE**

Up to 15,000 teachers rallied in Kiev on October 6 to demand months of back pay, drawing attention to a \$1.5 billion wage arrears crisis leaving millions of government workers unpaid. Thousands more teachers demonstrated in other cities.

"The development of state-run enterprises, cutting unemployment and improving social security will be the key priorities for the Ukrainian government next year," said Prime Minister Pavel Lavarenko in a report to Parliament on October 15.

#### **COLOMBIA**

Fifty thousand people clashed with the army in demonstrations in southern Colombia against the destruction of the area's main cash crops, cocoa and

poppy cultivation. At least two people were killed and over 30 wounded. The demonstrators demanded higher social investment for the area to compensate for the razing of the illegal crops which provide the farmers' only income.

#### **ENGLAND**

A Gallup poll in August asked British people: "Do you think there is a class struggle in the country?" Eighty percent of the responses said "yes" compared to 56 percent in a similar poll in 1961. The number of "don't knows" declined from 22 percent to just 4 percent in the same period.

The London Research Center reported that unemployment reached over 12 percent of the population of whom a quarter are less than 25 years old. The year-long research project found that the poorest areas of London are more deprived than they were 10 years ago. London has 14 of Great Britain's 20 most deprived areas.

#### **BRAZIL**

Volkswagen opened a new \$250 million plant near Sao Paulo on October 12. The new plant will end Volkswagen's dependence on Ford for engines. It is capable of producing 1,200 engines a day.

#### **CHILE**

Gladys Marin, General Secretary of the Communist Party of Chile was recently released after being arrested by the police and charged with "insulting" General Pinochet, the former dictator. Communist parties around the world protested this outrageous act by the Chilean government.

#### **RUSSIA**

The Russian police in St. Petersburg (Leningrad) recently destroyed and sealed the offices of the Central Committee of the Communist Workers Party.

The 79th anniversary of the October Socialist Revolution was marked by the largest demonstrations in five years throughout Russia.

Two days earlier on November 5th hundreds of thousands of workers marched and demonstrated in a one-day strike called by the Federation of Inde-

pendent Unions to demand payment of unpaid wages and to protest a shortage of jobs and social guarantees. In Vladivostok 20,000 people led by sailors of the Russian Far Eastern Fleet marched to the main square. Throughout the Primorsky region 160,000 marched. Hundreds of thousands of workers including teachers, coal miners and defense workers, turned out in Yuzhno-Sakhalinsk on the Pacific, Barnaul in Siberia, Samara on the Volga River, and Bryansk in Western Russia. Russian Coal Workers Union chairman Vitaly Budko said that as many as 460,000 miners nationwide joined the strike.

#### **AUSTRALIA**

The Socialist Party of Australia recently held a Congress at which they decided to change their name. They stated in part:

We, the delegates of the Socialist Party of Australia assembled at our Party's 8th National Congress, declare that from this day our Party shall be known as the Communist Party of Australia. Taking the name Communist Party reaffirms our commitment to a socialist objective and our goal of building a communist society. It signals our continuing confidence in our ideology of Marxism-Leninism. We see the name "Communist" as a badge of honor.

Thousands joined an anti-racism rally in Queensland in November 2 against the failure of Prime Minister John Howard to repudiate a racist immigration campaign.

#### **NICARAGUA**

Delegates from 137 indigenous nations and 57 community organizations met at the first Central American meeting of indigenous leaders and demanded from their governments respect of the right to self-determination and improved living standards.

#### **GREECE**

The Greek Communist Party received 5.6 percent of the vote in national elections and won 11 seats in Parliament. The Communist vote marked an increase since the last elections in 1993.

*International Department, CPUSA*

**LETTER FROM POLAND**

Thanks a lot for the issues of *Political Affairs* I received. They sure will be a big help in widening our knowledge about the activities of American Communists. We highly appraise the ideological value of the articles published in *PA*.

I hope our fruitful cooperation will favorably develop. I would really appreciate it if you send the next issues of *PA* and other press material from the Party. We are sending to you two issues of *Bnzask* the newspaper of the Union of Polish Communists, Proletariat.

According to the latest information of the Polish government more than two million children in Poland face starvation. (This is about 20 percent of the child population). Basic food for them is bread, water, potatoes and rarely vegetables.

These children can't even afford to buy jam for bread, not to mention some cheese or meat, the taste of which they can't remember since 1989 – when the era of vivifying capitalism began. The same applies to all the fruits. These poor children can only dream about living in wealth.

Poverty and hunger cause many of these children to become criminals. In Poland we have more and more banditry and murders. Recently the Polish police captured a 6-year-old kid that had broken into a grocery store.

There is also a lot of alcoholism and drug taking among Polish children and youth. After the fall of the socialist government most public libraries, cultural houses and dance halls have gone bankrupt. Young Poles devoid of places to entertain themselves by the ruthless laws of the free market, look for recreation in alcohol and drugs.

To make matters worse Polish youth have no possibility to find work because unemployment is 20 percent. In this situation we have now a big problem with prostitution among minors. For the first time since 1945 we have kids on the streets begging for money. At railway stations and in underground tunnels there are whole colonies of homeless, hungry children.

The fall of socialism in 1989 in Poland and connected with it the end of the state's protection of

children has brought about a catastrophic, tragic situation.

Just next to these dirty hungry children another ten percent live in luxury and drive expensive cars. That's capitalism.

With proletarian greetings.

*Jaroslav Dobrowski*

**LABOR & THE CIVIL RIGHTS MOVEMENT**

In answer to your Letter to Readers, enclosed is my renewal for two years, plus a contribution. In these times we need *PA*, as your letter eloquently states.

Thank you for the book review on *Southern Labor and Black Civil Rights* by J. Behrens.

Behrens for the most part captured the spirit of Honey's book, but I felt he "missed the boat" on two things – one, his failure to emphasize the role of the African American longshoreman, Thomas Watkins in the '39 strike, and two, his "reservations" about the fact "there is little discussion of how the CPUSA functions locally as an organization and how the local work of the CPUSA related to its national concerns except in a very general and offhand way."

As a participant in the CIO organizing in Memphis and as a member of the CPUSA then and now, I find it most vexing for reviewers to criticize writers such as Mike Honey for not covering aspects of the struggle which he could not be privy to.

There were no documents available to show how the Party functioned in areas such as Memphis. What is very clear is that individual CP members like Red Davis carried out the theoretical and practical work of the CPUSA in Memphis with great energy. The CPUSA was well represented by the work of its members in the CIO. We not only worked for Black/white unity, for peace, for unity in the labor movement, but we also recruited, distributed the *Daily Worker*, and while not having an "open face" in a repressive atmosphere, the CP members were known by their activities.

*Larry McGurty*

### **THE CORRECT EMPHASIS**

*PA* gets better and better. I especially appreciate your articles on art and culture by Goldberg and Brodine. Also the articles on the analysis and thinking of other Communist Parties such as the interview with Comrade Bui The Giang of Vietnam. However, continued emphasis on our own class struggle, where we test our theory in practice is most important of all and you do that well too. So you see I find lots to like in *PA*.

*Nell Ranta*

### **WALKING ON AIR**

You and *The Nation* have both added color to your magazines. Don't go any further. Enough is enough! I used to be able to pick *The Nation* out of a pile of same-size mailings because of its distinctive plain cover. You come in a manila envelope, no return address. "By these things ye shall know them." How about color on the *PWW*? Our daily paper has it.

My *PA* just came and I'm walking on air, just floating around with Gus Hall's lead article. He makes me want socialism so bad I can taste it.

*J. Thomson*

### **A HISTORICAL NOTE**

I read Denise Winebrenner's article on unification of the three unions with great interest. However under the section dealing with the role of Communists there is a misstatement which says Juan Chacon, a Communist Mexican American copper miner led the union breakthrough in the company towns of New Mexico and Arizona.

While it is true that Chacon played a leading role in building and maintaining the union for more than 30 years of his life, it is not true that he was there when the breakthrough came. Rather it would be comrades like Alexandro Mata and Angel Bustos as well as other white comrades that were responsible for the breakthrough.

Secondly the breakthrough did come in Local 890 and other locals in Arizona and Texas followed soon after. I thought I'd mention these things in the interest of history.

*Lorenzo Torrez*



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