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Chase	p16.50	-	382	56	4	55/9	DukeP	2.48	8	1302	33	434	444	+ 1/2				
Chase	p17.40	-	24	53	52%	52%												
Bank	Failures		Inflation			Big Deficits			Military Spending		Corporate Takeovers		Runaway Shops					

# political affairs

Journal of Marxist Thought  
June 1985 \$1

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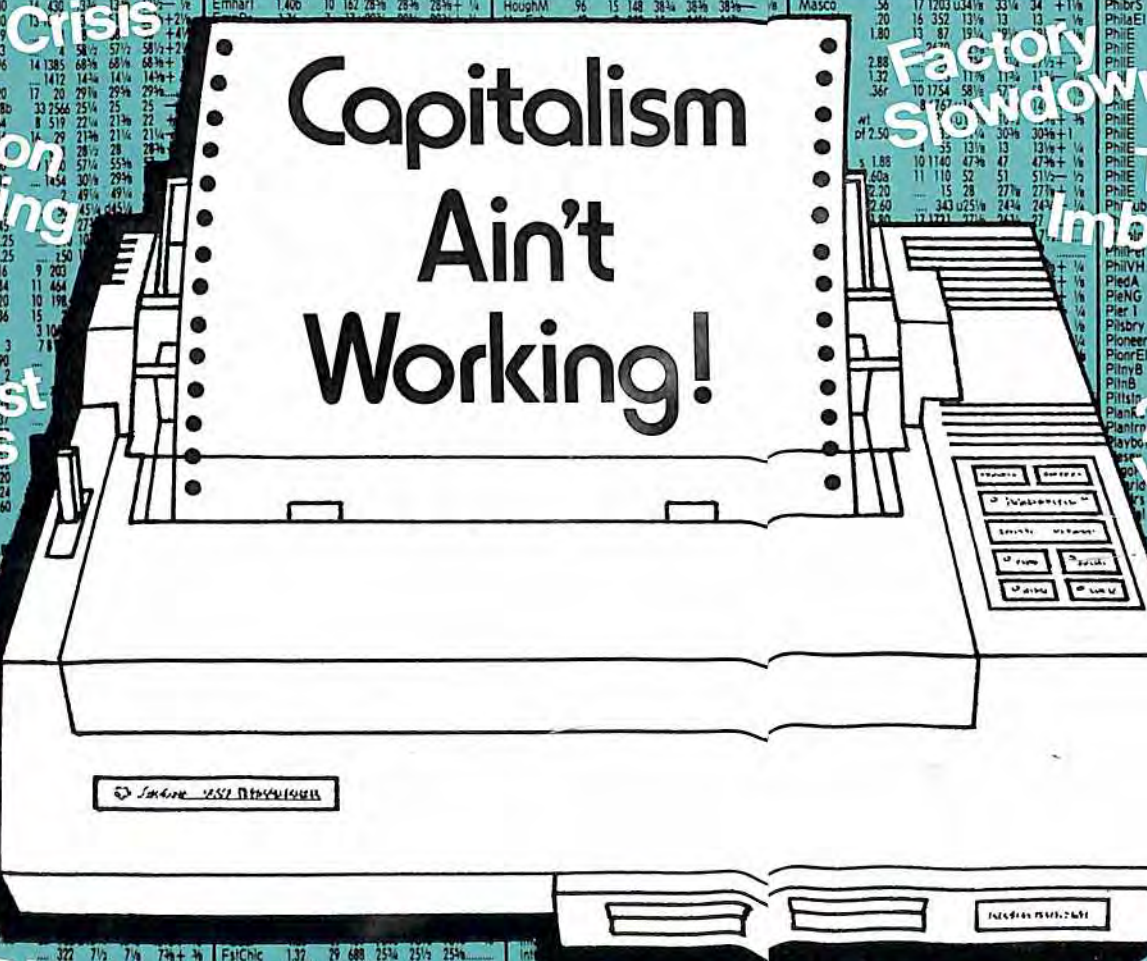
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# The Triple-Layered Crisis

Daniel Rubin

In speaking about the triple-layered crisis, we are referring to the general crisis of capitalism, structural crises and cyclical economic crises. These concepts have each undergone development by our Party and by the world Communist movement. A review of this development will help us understand current questions.

Our Party was among the first to develop the concepts of a new stage of the general crisis of capitalism, a structural crisis or crises of state monopoly capitalism and the mutual influences of these and cyclical economic crises.

At the World Meeting of Communist and Workers' Parties of 1969, Gus Hall said,

It is necessary to take note of and to emphasize some important changes taking place both internally among monopoly groups within the U.S. and externally in relationship between the U.S. and other imperialist countries. Some significant shifts and inner *structural changes* [emphasis D.R.] are taking place in both areas. These new features are a further development of the cancerous growth of the general crisis of capitalism.

This subject has been discussed in practically every Central Committee report and in each of the conventions of our Party since. I will cite only a few examples. In *The High Crimes and Misdemeanors of Monopoly Capitalism*, December 1973, Comrade Hall said,

This *new stage* [emphasis D.R.] of capitalism's general crisis, among other things, is marked by the absence of periods of even relative stability. This continuous instability is reflected in the floating monetary chaos, in the continuous inflationary disarray and in the refusal of the capitalist world's genies to go back into the bottle of U.S. imperialism. This new stage is characterized by the new power and influence of the socialist world and the new level of national liberation movements as symbolized by the united action of the Mideast oil producing countries.

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Daniel Rubin is chairman of the Education Department of the Communist Party, USA.

At the 23rd Convention, November 1983, Comrade Hall wrote,

Structural crisis is the newcomer on the economic scene. It is playing havoc with our basic industries. It is a direct result of U.S. monopoly capital's export of basic industries to low-wage, higher-profit areas . . . The structural crisis is a direct consequence of the fact that capitalism, in its period of decay and general crisis, is not willing or able to adjust to the new level of advanced technology. It is further negatively influenced by the changing relation between the industrialized, imperialist countries and developing countries. The closed steel plants and auto plants in devastated industrial communities, the long unemployment, welfare and soup lines are living testimony to the destructiveness of the structural crisis.

Soviet comrades have also been probing in the same basic directions. G. Chernikov in *The Crisis of Capitalism and the Conditions of the Working People*, published in the U.S. in 1980, wrote,

The most characteristic feature of today's crisis, i.e. '74 and '75, namely the combination of a cyclic overproduction crisis with longer structural economic crises and with a deep ideological and political crisis, are evidence that the '70s crisis is part of the general crisis of capitalism and marks a qualitative shift in the development of its present stage.

In September 1981, S. Menshikov and E. Pletnev wrote in *Pravda* an article, "Capitalism Today, the Deepening of the General Crisis," reprinted in *Soviet Reprints*:

A further deepening of the crisis of capitalism affecting its economy, politics, ideology and many other areas of activity came about in the 1970s. It is taking place against the background of the continuous progressive growth of the intensity of the world wide revolutionary process and its integral components . . . Along with the contradiction of cyclical production, structural crises have broken out and have since deepened in a number of leading sectors of industrialized capitalist economies. This has shown itself in the stagnation of production in the iron and steel in-



dustries and the motor industry, in a severe energy crisis, and an aggravation of the problem of raw materials . . . Inflation has assumed unprecedented scope. The above mentioned contradictions have not been isolated phenomena—they are locked in one tangle. This has added up to a deep and all-embracing crisis of the capitalist economies. The reason behind it is to be found, above all, in the disparity between the state monopoly system and the pressing requirements of development of the productive forces and the scientific and technological revolution.

S. Menshikov in his article from *Kommunist* No. 4, reprinted in the May 1985 *Political Affairs*, poses the following questions:

But from the 1970s on, this old cyclical fever has closely intertwined with long-term, structural capitalist economic crises. Today there is a continuing structural crisis of the capitalist economy even after yet another cyclical recession has been surmounted. That the capitalist economies are experiencing long-term crises in various areas is beyond doubt . . . Are these crises related and autonomous occurrences or are they all integral components of a single entity—an aggregate structural crisis of the world capitalist economy as a whole? I think it is this wider approach that deserves preference . . . It would be wrong to deny the specific nature of these various forms of the structural crisis. But neither would it be right not to see that each of them is closely bound up with the others, feeds on them and interacts with overall economic development.

Finally, the editorial in *Kommunist*, No. 8, 1984, reprinted in *Political Affairs*, October 1984, refers to

the turn in capitalist economic development observable since the middle of the 1970s. There has been a steep decline in economic growth, the overall pace of technological progress has obviously slowed down and new advances in the field of robotics have only added to the rise in mass unemployment. We witness a new stage in the deepening of the general crisis of capitalism and this shows itself in many forms. Cyclical production slumps have become significantly heavy during the last ten years . . . another important feature of the current state of the capitalist economy is that its cyclical crises have become interlaced with structural, long-term crisis processes. Structural

crises have affected, in particular, the major industries in which the growth of previous decades largely rested (the ferrous metals industry, cars and trucks, shipbuilding, textiles, chemicals and many others). Even such a science-intensive branch as electronics has not gone unscathed by crises.

To discuss the interrelations of the general crisis, structural crisis and cyclical economic crisis and their causes it is necessary first to define each in its historical development.

### *Cyclical Crises*

The economic cycle, in which economic activity, particularly industrial production, alternates between periods of speeded-up activity and slack periods, boom and bust, with accompanying big changes in the level of unemployment, began in Britain in 1825. Each major qualitative development of capitalism has affected the economic cycle. The change to the monopoly capitalist imperialist stage of capitalism, and then each of its successive stages of general crisis, has changed it, as has the current structural crisis. The cycles are now much more frequent. Cycles, starting with that of 1974-75, have been deeper, with the low phase being longer and the peak overcoming only some aspects of the previous downturn. Most important is that the boom phase has less effect on reducing unemployment and the low point leaves a higher rate of inflation. Cycles also now occur more or less simultaneously throughout the capitalist world.

Marx described the reason for cyclical economic crises as follows:

The ultimate reason for all real crises always remains the poverty and restricted consumption of the masses as opposed to the drive of capitalist production to develop the productive forces as though only the absolute consuming power of society constituted their limits. (*Capital*, Vol 3, International Publishers, New York, 1967, p. 484.)

In other words, capitalists, in pursuit of maximum profits and in competition with each other, expand production to increase sales and market share as though there were no limit on consumption. This pattern of development of production reflects private ownership of the



means of production and private appropriation, and, as a result, anarchy of production on the scale of society as a whole. After a while the capitalists will not be able to sell everything they produce because consumption has not grown in keeping with the expansion of production. Consumption is limited by private capitalist appropriation, by exploitation and the current results of the class struggle. Therefore, the necessary balance between consumption and production is violated. Unsold goods accumulate and profits are not realized as before. The particular balances among interdependent aspects of the economy required by socialized production—production and consumption, means of production and articles of consumption, spheres of production and circulation—become disrupted.

The cycle is inherent in capitalism, an expression of the basic contradiction between the increasingly social character of production on the one hand and capitalist relations of production, class relations that are characterized by private appropriation, on the other. Cyclical crises perform the function of restoring temporary, approximate balance between production and consumption until pursuit of surplus value causes a new major disequilibrium.

But today, because of the general and structural crises, the cycle only very partially performs this function, while each cyclical economic crisis contributes to the deepening of the general and structural economic crises. Cyclical economic crises increasingly reveal that capitalism is a brake on the full utilization of the productive forces. Mass unemployment means great waste and even destruction of this primary productive force—workers and their skills—while closed plants and reduced production mean waste and destruction of the physical means of production.

### *The General Crisis*

There is now agreement about the general crisis of capitalism along the following lines: The general crisis is an all-embracing crisis of world capitalism. It embraces all spheres: economic, political, ideological, etc. It develops continually and can be resolved only when the capitalist socio-economic formation ceases to ex-

ist on a world scale. The development of the general crisis is law-governed and inevitable.

When capitalism developed into the imperialist stage, the main contradiction of capitalism qualitatively sharpened. Its major expression, the class struggle of the working class against the capitalist class, reached a new level.

The qualitative growth of crisis features of capitalism reached a turning point where they became all-embracing. The first World War was an expression of the all-sided character of the crisis. An imperialist war to redivide the world resulted in the world capitalist system being broken at its weakest link, Czarist Russia. The working class held power in the largest country with the third largest population. That war resulted also in a weakening of the colonial system and in the weakening of the defeated, and even the victorious, imperialist powers. The main content of the general crisis is a worldwide revolutionary transition from capitalism to socialism.

Like all other processes, the deepening of the general crisis goes through stages. There are several main aspects of its development. First is the division of the world into two opposing systems—capitalist and socialist—and the resulting competition between them. A second feature of the general crisis is the crisis and breakup of the colonial system and the struggle of developing countries against imperialism and neocolonialism. A third feature is the aggravation of the internal economic contradictions of the imperialist countries, heightened economic instability and intensification of the class struggle. The fourth feature is the crisis of bourgeois politics and ideology. These are all different aspects of the same general crisis. At each stage of the general crisis there are major new developments in each of these four aspects.

The definition of the first three stages of the general crisis are now generally agreed upon. The first began with World War I and the Great October Revolution.

The second stage resulted from World War II, the breakaway from imperialism of a group of states and formation of a world socialist system. The World War weakened imperialism as a whole. The economic, political and moral au-



thority of the USSR advanced. This meant a shrinking of the sphere of capitalist exploitation and a loss of markets, raw materials and fields for investment. Big advances in the breakup of the colonial system took place. In the capitalist countries, due to the scientific and technological revolution, the needs of postwar reconstruction and other factors, economic development accelerated. Uneven development, however, became more evident in terms of industries, regions and countries. Monopolization intensified, as did state monopoly capitalist measures. The antagonism between labor and capital grew. Wide militarization and the development of the military industrial complex was further evidence of decay of capitalism. In politics and ideology, cold war anti-Communism was a sign of deepening crisis.

The third stage of the general crisis was reached in the second half of the 1950s. Its main distinguishing feature was that imperialism was no longer dominant and socialism had become the decisive factor in the development of society. The united strength of socialism, the national liberation movement and the working-class, peace and democratic forces in the imperialist countries can, for the first time since imperialism arose, prevent world wars. This does not, of course, guarantee against setbacks. In the third stage Cuba joined the socialist world. The economic gap between imperialism and world socialism narrowed. The Soviet Union entered the stage of developed socialism. The colonial system was, in the main, ended, with the aim of the struggle becoming full economic independence. Monopolization developed further, with transnational conglomerates becoming dominant and a state monopoly system of regulation taking shape, seeking to moderate the contradictions of monopoly capitalism. Increasing monopoly exploitation and oppression of the workers and all non-monopoly sectors aggravated social contradictions and intensified the class struggle. These developments were reflected in bourgeois politics and ideology.

Have we entered a new, fourth, stage of the general crisis and if so, what difference does it make? What would be the central new distinguishing characteristic of a fourth stage of the

general crisis? Comrade Hall said in December 1973 that the new stage is marked by the absence of periods of even relative stability.

Some Soviet writers date the new stage from the mid-1970s, from the 73-75 "economic crisis of a special kind." While there is no Chinese Wall which separates stages and therefore no particular day of change, I would date it to the early 1970s. That is when the previous period of relatively rapid economic growth of the major imperialist powers slowed. Instability and stagnation, two interdependent qualities of present world and U.S. monopoly capitalism, reached a completely new level. We could add to these symptoms more prolonged cyclical crises followed by lopsided recoveries, long-term crisis of many basic industries, rapid movement of industries around the U.S. and overseas, regional crises, the opening and closing of new plants and lines of production, volatility of high-tech, rapid accumulation of the federal budget deficits and debts, the agricultural crisis, massive growth of a permanent army of the unemployed, the urban crisis and related to that the special crises of the ghettos and barrios, and the chronic balance of trade deficit.

One big problem quickly follows another. Crises break out in unexpected places and ways. New sectors have been drawn into anti-monopoly struggle while the working class has been fighting back more extensively and intensively.

This new stage has been accompanied by a considerable strengthening of socialism—economically, politically, morally, militarily, etc. Socialist Vietnam defeated U.S. imperialism. Kampuchea and Laos have taken the path of socialist construction. At the end of the 1960s the Soviet Union achieved military parity with the U.S. In the 1970s, the overall quality of Soviet life surpassed that for working people in the U.S. and the gap in production narrowed further. Its world moral authority as the leader of the struggle to protect humankind from nuclear annihilation and as the bulwark of progressive humanity grew by leaps and bounds. A number of countries have taken the path of radical democratic and socialist orientation. These include South Yemen, Angola, Mozambique, Guinea-



Bissau, Ethiopia, Afghanistan and Nicaragua.

In the sphere of bourgeois politics the instability of imperialist governments, most not being able to win a second term, has now given way to a more extreme reactionary economic and social policy. This has been accompanied by the advance of the military and industrial complex from a secondary position towards dominance. With this has developed the crisis of ideological rationality expressed in anti-Communist, anti-Soviet obscurantism and national chauvinism.

Without a full assessment of the new qualities of the general crisis, we would lag behind developments. We would underestimate the sharpness, scope and lasting nature of the problems facing the working class, the nationally and racially oppressed and ever wider strata of the people. We would underestimate what gives rise to the anti-working class, anti-people, reactionary nuclear war threat emanating from the policies of the dominant monopoly sectors. We would underestimate the type of radical democratic demands that need to be fought for. We would overestimate the ability of ruling circles to implement their international and domestic policies, fail to see their basic weakness and underestimate the potential for struggle and unity of the working class and ever wider sections of the population. It also helps us correctly assess interimperialist contradictions, as well as intramonopoly contradictions and their potential role. All of this means that the Party becomes ever more important. Therefore, failure to recognize a new stage is at least one of the factors in underestimating the need for the Party.

It is also important to recognize slowness and even resistance to keep theoretically abreast of new developments. Part of the resistance is due to opportunist influences, like Eurocommunism, which no longer discuss the general crisis or its stages because they overestimate the strength of imperialism, U.S. imperialism in particular, and underestimate the progressive development of the Soviet Union and the socialist community. They do not see the process of general crisis and its depth and accommodate to and often tail after imperialism.

### *Structural Crisis*

Before dealing with the causes of greater instability and stagnation of imperialist economy, it will be useful to discuss the concept of structural crisis. By structural crisis we mean a crisis of the economy that extends beyond the time span of a single economic cycle. We could talk about a structural crisis of the political mechanism or of something else, but when used in an unqualified way we are generally talking about a structural crisis of the economy.

When Lenin was accused by opportunists of using the concept "crisis" too freely, he responded that he was reflecting an objectively existing situation of a multitude of crises in different aspects of development and that there would be even more. He did not invent them. He then defined crises as situations in which contradictions reach the point where things must undergo qualitative change in one direction or another. In this sense, the U.S. economy, and to one degree or another that of the other imperialist powers, are experiencing a whole number of specific structural crises, most of which were indicated in documents quoted above. These include a sharp decline of steel and other industries, production much below capacity, crisis conditions of large economic regions, the urban crisis, monetary and financial crises, inflation, large budget deficits, ecological crisis, crisis of the mechanism of state monopoly regulation, etc.

Comrade Hall concludes that these are expressions of an overall structural crisis. Menshikov also concludes they are "manifestations of an aggregate structural crisis."

The nature of the overall structural crisis is, in my opinion, the qualitative sharpening of the main contradiction of capitalism due to the more social, interdependent nature of production. Private appropriation has become much more concentrated and centralized; the economy of the U.S. and of world capitalism is dominated by some hundreds of transnational conglomerates. A way to moderate substantially the sharpening of this main contradiction has not yet been found and it is questionable that it will be found.

To understand why and how the sharpen-



ing of the main contradiction is taking place, it is necessary to go back to the previous period, roughly 1945-1970. As is always the case with monopoly capitalist "solutions" to problems of capitalist development, what may have a positive effect at first, at a later stage deepens and sharpens contradictions. Conditions in that period resulted in higher rates of economic growth, but prepared the ground for the present situation.

The need to rebuild from war devastation and to utilize the first stage of the scientific and technological revolution in the drive for maximum profits led to certain changes in the relations of production, still within the framework of capitalism. These scientific developments include atomic energy, plastics and synthetics, large-scale automation, television, mass air transport, computers. For these to be employed on a wide scale required huge sums of capital, greater division of labor and interdependence of many aspects of the economy and closer links between science and production. In other words, greater socialization of production.

Private appropriation as it stood at the beginning of that period was not up to the task; it stood as an obstacle to the further development of the forces of production. The partial and temporary solution took the form of an increase in state monopoly measures, especially in the third stage of the general crisis. These included direct government funding and development of research and development of atomic energy and, especially in other countries, of other branches of industry; various forms of subsidies; big tax breaks; banking regulation to produce favorable interest rates and large amounts of capital, etc. State monopoly stimulation of the economy and consumption and counter-cyclical government policy had some effect.

A merger wave helped centralize the necessary capital. The transformation of vertical and horizontal monopolies into conglomerates and transnationals permitted widened markets and accumulating larger capitals. It permitted the growth of monopoly prices, steady but still relatively low inflation, securing additional surplus value in the sphere of circulation. The conglomerate transnational also allowed more

rapid movement of capital to growth industries, where rates of profit were higher and where commodities sold above value. Being bigger, they were able to plan production and marketing better, at least within the bounds of their own corporate-financial galaxy, thus in part meeting the requirement for an increasingly socialized character. In the latter part of the period, with the Vietnam War, military production expanded considerably.

At first state monopoly policy stimulated the economy and produced the higher rates of profit and bigger masses of capital needed to develop new productive forces. Banking became much bigger, the mass of credit and money capital at its disposal grew, and so did its pivotal role in financing economic growth.

Thus it appeared in that period that contradictions were not so sharp, but beneath the surface conditions were being created for a new sharpening of the main contradiction. During 1945-70 the rate of exploitation rose, but so did wages as well as the rate of profit. While the economic cycle was shorter, it was less severe.

In the 1970s and since, these very changes in production relations have become a sharper obstacle to further development of the forces of production and full application of the second stage of the scientific and technological revolution. Robotics, optics, telecommunications, biogenetics, new aspects of electronics, computers, etc., meant even greater socialization of production. Internationalization of production, which the transnationals promoted, grew strongly. Science, education and even health care become much more directly interdependent aspects of production.

On the other hand, much greater internationalization of production and exchange in the hands of transnational conglomerates pursuing maximum profits meant an increased struggle among the transnationals for markets, investment outlets, lower wages and other costs, concessions from governments, including protectionist measures, and an incessant striving to raise prices. The stake is quick profits to maximize not only the mass, but the rate of profit, or suffer the consequences on stock and credit markets and risk takeover. The conglomerate



and transnational forms of corporate ownership permit the rapid dumping of industries, plants and locations in the U.S. or wherever profit rates are not as high and expansion where extra surplus value can be gained for a while. Then that in turn may be dumped. The financial system developed a myriad of financial instruments producing varied rates of return. Interest rates were high in the face of growing inflation and inflationary expectations, tight money policies and big budget deficits. Technical developments made it possible to move large amounts of capital, especially money capital, around the world almost instantaneously. All of these developments greatly increased the non-productive, speculative and parasitic profits. High tech industry becomes very volatile and speculative itself.

These developments mean slashed industries, closed plants, runaway shops; the emergence of mass unemployment at the peak of the cycle, declining living standards and mass hardship. The intensified drive for maximum profit resulting from internationalization of capital and other causes led to greater emphasis on displacing labor rather than production expansion. It meant intensified exploitation, a major effort to weaken and destroy unions, two-tier wage systems, contracting-out, etc.

The profits to be made in the financial world were so great that many industrial corporations added financial institutions to their list of acquisitions.

With deregulation the monopolies, including banks, are able to knock off weaker medium or even some monopoly capitalists. Capital is rapidly becoming more concentrated and centralized in the supergiant transnational conglomerates. They have much greater control of prices than smaller enterprises. As a result, price inflation becomes a factor disorganizing the capitalist market, compelling the pursuit of immediate maximum profits through unproductive means and of reducing the standard of living of the working class and with it effective consumption, thus placing further limits on the steady growth of production and employment.

State monopoly regulation has now become a factor aggravating the main contradiction.

This is evident in the huge military spending and budget deficit, and its connection with inflation, which is only temporarily restrained somewhat by the level of imports and high dollar. The tax system and cuts in social spending are both contributing to the imbalance between production and consumption by redistributing surplus value to the monopolies at the expense of the working people. Anti-inflationary policies have limited effect on inflation and actually increase unemployment, while measures to stimulate the economy and reduce unemployment stimulate inflation. Deregulation is a form of state intervention in behalf of the monopolies.

The rapid movement of capital aggravates uneven development among branches of industry, cities, regions and countries, sharpening the tendency toward competition among them. All of this is part of growing instability of the economy. There is very rapid development of new high tech products, but huge sections of the economy are little touched by these developments and are even abandoned.

The result for the economy as a whole is a slowing of the rate of growth. Instability feeds stagnation and stagnation promotes instability.

Thus changes in production relations that stimulated production in the previous period are now becoming an obstacle to higher levels of socialization of productive forces connected with the second stage of the scientific and technological revolution.

Nothing now on the horizon would temporarily reduce the aggravation of the main contradiction and give new scope for a general pickup in economic growth rates. As a matter of fact, the present course of development will intensify the main contradiction and limit further the growth of productive forces. The structural crisis expresses aggravation of the difficulties of the imperialist economies, which is a major aspect of the continual quantitative and qualitative deepening of the general crisis of capitalism. This internal content is the development of the main contradiction of capitalism; production becomes more socialized while appropriation is private. The development of the structural crisis is therefore a major component bringing on the new stage of the general crisis and expressing



its main characteristics. At the same time the growing strength of world socialism and of the newly free countries limits imperialism's sphere of exploitation and uncontrolled profit-seeking, thereby contributing to the emergence of the structural crisis. And, as we have seen, the general and structural crises of capitalism have an increasing influence on the economic cycle.

### ***Some conclusions***

There are, of course, a number of important conclusions for our policy to be drawn from this analysis. They are listed here, in summary form only:

1. Mass unemployment will be with us until imposition of a radical, democratic and anti-monopoly program. Therefore this area will require major involvement of the whole Party.

2. The same for inflation.

3. There will be a decline in living standards for all working people, but especially the nationally and racially oppressed, until the labor and antimonopoly movement is strong enough to reverse this. This will be a major front of struggle in pursuit of our policy of working-class leadership, labor/Afro-American alliance and wide anti-Reagan and antimonopoly unity.

4. While different monopoly trends will proceed at different tempos, the basic direction of monopoly capital and monopoly governments will be all-sided attack on the working class, Afro-American people and all antimonopoly strata. This can only be countered by an All People's Front Against Reaganism, leading toward a general antimonopoly coalition, a people's party and a people's government. The monopoly policies aim to intensify labor, reduce wages, benefits and welfare spending, and weaken and destroy the labor movement. They increasingly attempt to split and divert the people's movement with racism, anti-Communism, class collaboration, male supremacy, religious extremism.

5. The military-industrial complex will continue to play a crucial role. Special demands of a democratic antimonopoly nature need to be devised to expose and curb its power and protect humanity from the danger of extinction.

6. The development of the information explosion and the growing tendency of reaction to dominate it require much greater emphasis on the mass ideological struggle and Party education, and requires democratic demands and movements with respect to the mass media.

7. The struggle for democratic rights and democratization of the electoral process will have to be upped in the face of long-term trends to substantially curb democratic rights.

8. New economic problems concerning working people will develop, often quite rapidly. More profound cyclical crises, ecological catastrophes, financial crashes are all possible. We have to be ready to respond with demands and struggles to meet each.

9. Antimonopoly struggles have the potential for embracing ever new sections and becoming more intense. Our involvement, looking to labor as the central force and advanced solutions, will be important.

10. We have to help regear the labor movement for the new conditions. While such struggles need be rooted in the shop, many other forms—*independent legislative, electoral and nonparliamentary*, must be examined. Class unity, trade union unity, international unity, unity with the Afro-American people and other strata assume greater importance.

11. In addition to radical antimonopoly demands advanced by our Party, like nationalization, we need to consider far-reaching limitations on the free movement of capital and for a real say on so-called management prerogatives.

12. We need to increase the propaganda for socialism—the outmoded, destructive, irrational character of capitalism is much sharper now in the fourth stage of the general crisis.

13. The need for the Party and the potential for the Party grows with these developments and we have to become more effective in building it.

More refined theoretical and policy conclusions about the stage of the general crisis, structural and cyclical crises will continue to hold a central place for some time, since these questions underpin so much of the struggle of our class, people and Party. □



# Structural Crisis and Conditions of Labor

BARRY COHEN

*The bourgeoisie can not exist without constantly revolutionizing the instruments of production, and thereby the relations of production, and with them the whole relations of society. . . . Constant revolutionizing of production, uninterrupted disturbance of all social conditions, ever-lasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones. . . . The need for a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere.*

Marx and Engels, *The Communist Manifesto*

Who ever dreamed of the productive power that slumbered in the lap of social labor? Marx and Engels asked. They then proceeded to demonstrate how capitalist relations of production continually come into conflict with the social character of labor which capitalism develops, and in the end, prove incompatible with it.

Thirteen decades later, these words are truer than when they were first penned. The intensive development of scientific knowledge compel us to speak not only of change, but of a real scientific-technological revolution. The changes in production relations are correspondingly drastic.

The capitalist monopoly of power was broken by the October Revolution. Consequently, the scientific-technological revolution is unfolding in the context of the coexistence and competition of two world systems, capitalist and socialist. Victory in this competition will go to the system which succeeds in establishing the highest productivity of labor, the most secure and satisfying life for its citizens. The evidence of the past seven decades makes it clear that socialism is superior to capitalism in this decisive respect.

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Based on a paper delivered at a Marxist Scholars Conference, Chicago, March 1983.

The laws of capitalist development dictate that there also be a transformation of social relations within the boundaries of the capitalist world, a steady modification of social relations short of socialist transformations. But the operation of these laws differs from the laws of socialism in at least these two crucial respects:

First, the motive class force driving the process is different. Under socialism, the direct motivation is the improvement of conditions of the people, the advance of society. This lays the foundation for an effective combination of scientific, economic and social progress.

Under capitalism, the dominant motivation is the class aim of capital—exploitation of labor, derivation of profit, accumulation of capital. Everything else is an unplanned and often unintended byproduct of that primary process. Science and technology, too, are applied toward these aims. No matter how extensive the changes which occur within the bounds of capitalism, they never transcend these limits, but rather, in the final analysis, reinforce them.

Second, the laws of capitalism do not operate smoothly, revealing their inner logic by regular steps toward a definite goal. On the contrary. Their peculiar mode of operation, as Engels, once observed, is as though the law of gravity made itself felt only by the house falling down around one's ears. They are at once laws of growth and laws of crises. Capitalism is continuing to grow, but this does not mean that it has overcome its contradictions, that is, has stabilized itself and secured its future.

Marxist economists have for a long time considered that capitalist development must be viewed as an interaction of two layers of crisis—general and cyclical. The general crisis refers to the aggravation of all the irreconcilable class tensions of capitalist society to a fever pitch, leading to its revolutionary replacement by socialism. This is, above all, the ultimate product of the historical development of the given coun-



try. This process, first carried through by the Russian Revolution, is one of transition from capitalism to socialism on a world scale.

Cyclical crises of overproduction (or business fluctuations, as they are discretely called by bourgeois economists) are periodic declines in production across the entire economy, or at least preponderant sectors of it, due to overaccumulation of productive facilities and goods relative to the restricted market generated by capitalist relations. Such crises are accompanied by destruction and devaluation of the "excess" materials and means of production and widespread firing of workers. They recur at intervals of approximately five years.

However, for the last decade or more, Marxists have been pointing to the accumulation of economic problems which can not be adequately dealt with in this framework—problems which are not resolved in the course of the business cycle, but which persist and mount over a longer period of time. To give these developments the weight they deserve and provide a proper framework for their analysis, it is necessary to add a new category—that of structural problems of capitalism. Hence, today "economic developments are the product of three layers of separate, but overlapping crises—the general crisis, the structural crisis and the cyclical crisis," as it was put by Gus Hall in his report to the Twenty Third Convention of the Communist Party, USA.

**A**mong the structural problems, a prominent place is held by the consequences of the very rapid internationalization of economic life. This internationalization is an outgrowth of the stage of development of the productive forces, of the level of socialization of labor. It is an inescapable aspect of economic progress. Yet under conditions of state monopoly capitalism, its development is marked by ever greater upheavals, restraints and even absolute setbacks. It finds limits in the exploitative nature of relations between the developed capitalist countries and the developing countries; in the rivalries among the leading capitalist countries for markets, profitable spheres of investment and technological supremacy. Internationalization

leads to a widening of the terrain on which all the contradictions of capitalism develop, while undermining or nullifying the stabilizing role which state monopoly institutions may temporarily play within a given country.

While internationalization is an inevitable, and, from the *technical* point of view, progressive development, its impact on the working class is by no means exclusively positive. Under the control of monopoly capital, it poses a sharp challenge to the labor movement.

The extension of economic life beyond the boundaries of single countries applies to every phase of production, from research and design to finance to raw materials extraction, fabrication and assembly of manufactured goods to final sale and consumption. The chief conduits for this process are multinational corporations and banks, backed by the military, political and economic resources of the governments of the leading capitalist countries.

Total trade in goods among all countries now amounts to some two trillion dollars (\$2,000,000,000,000) per year. (*Economic Report of the President, 1985*, p. 352.) Especially since World War II, the tendency has been for trade between countries to grow substantially more rapidly than industrial production. In the period 1965-1980 alone, world exports grew by nearly ten times (*ibid*). Evidently development of an international division of labor was a leading element in the development of production.

Exported capital has grown as rapidly as trade in goods. In 1983 U.S. direct investments abroad were \$226 billion, and the output of factories owned by U.S. multinationals in other countries exceeded many times over the total of U.S. exports. On the other hand, direct foreign investments in the U.S. stood at \$133 billion, and in the most recent period have been growing more rapidly than U.S. investments abroad. (*Statistical Abstract of the United States, 1985*, p. 803.) Most of the largest corporations are now multinational in their operations. In the largest U.S. corporations, foreign operations frequently amount to half the total, although it varies greatly from company to company. (See *Forbes'* annual survey of the largest multinational corporations.)



Even more spectacular has been the rise in international money flows. These are now estimated to amount to more than \$20 trillion per year, an order of magnitude greater than the exchange of physical goods. Money center banks of New York, London, Frankfurt, Paris and Zurich operate from special free trade zones within the imperialist capitals, or from island hideaways in the Caribbean or elsewhere, permitting them to conduct transactions essentially without scrutiny of any national monetary authorities. The currency trading departments of large corporations, too, have increasingly become an essential element of company operations. The winnings or losses in this gigantic crap game are among the major items determining the results on many corporate balance sheets.

The anarchy of capitalism makes it impossible for this huge step forward in the socialization of production to be accomplished in a balanced way, while maintaining an equilibrium among the various imperialist countries or groups of countries. This is impossible due to lack of planning, uneven distribution of natural resources between countries, the variety of forms of the class struggle and its results, the great disparity in technical and scientific capacities and above all the exploitative and competitive character of capitalism's international relations. While social planning and control are imperatively called for, fierce competition of monopoly groups governs.

In fact, there have been huge shifts in the inter-imperialist balance of strength. Three main centers of imperialism have emerged: the United States, Japan and Western Europe. In Western Europe partial economic integration has been achieved, but conflicts continue among the ten members of the EEC and no genuine unification is in prospect.

Since World War II, Japan has continuously and drastically gained strength relative to both the United States and Western Europe. In the first two and a half decades after the war, Western Europe gained relative to the United States, but during the last decade or so, Europe has again fallen into the position of the slowest growing region of capitalism. All of this has engendered the fiercest kinds of rivalry.

Relations between the former colonies and the imperialist centers have intensified, but on a steadily changing basis. Winning political independence from colonialism and the movement for economic independence set the stage for some developing countries to break free from monoculture, from a role in the world economy exclusively as suppliers of raw materials. In Asia and Latin America, some countries have achieved a middle level of capitalist development, with significant manufacturing industry technically close to world standards. However, these industries are still owned by foreign capital to a considerable extent, particularly the most technically advanced sections. They substantially rely on the transnationals for financing, technology and markets. The new industries are export-oriented and make only a limited contribution to economic independence.

The most dramatic event by far in the struggle of the developing countries for economic independence has been the emergence of the Organization of Petroleum Exporting Countries and its success in raising the payment for the depletion of oil reserves.

OPEC's history also illustrates another aspect of extreme uneven and spasmodic development under capitalism. While the oil resources of the developing countries, particularly in the Middle East, were under the complete domination of the Western oil companies, the real price of oil remained low, and, in fact, declined. It was being plundered by the Seven Sisters, the international cartel of oil companies headed by Standard Oil of New Jersey (now Exxon). Consequently, a tight supply situation developed in the world oil market at the beginning of the 1970s, with the U.S. turning from being a net exporter to a large-scale importer of oil. This presented favorable circumstances for OPEC in 1973 to achieve a quadrupling of oil prices. Oil prices doubled again in 1979.

The producing countries achieved greater revenues, and made significant inroads into ownership of oil fields and "downstream" operations in the industry. In the actual course of events, oil companies were also beneficiaries, since they were able to more than pass on the price increases to consumers, and oil company



profits skyrocketed. The value of oil reserves multiplied rapidly.

But in the 1980s, overcapacity and overproduction of oil developed on a world scale, with consequent falling prices and production.

The OPEC boycott of 1973 was the signal for the onset of the most severe cyclical crisis, up to that time, since the '30s, striking throughout the capitalist world simultaneously. It also drove the balance of payments of the leading capitalist states into severe deficit. Each capitalist state, seeking a way out of the new crisis and striving to overcome its international payments problems, sought an export-driven recovery; that is, adopted a beggar-thy-neighbor solution. As Marx expressed it:

So long as things go well, competition effects an operating fraternity of the capitalist class . . . But as soon as it is no longer a question of sharing profits, but of sharing losses, everyone tries to reduce his own share to a minimum and to shove it off upon another. The class, as such, must inevitably lose. How much the individual capitalist must bear of the loss, i.e., to what extent he must share in it at all, is decided by strength and cunning, and competition then becomes a fight among hostile brothers. (Karl Marx, *Capital*, Vol. III, International Publishers, 1967, p. 253.)

This interimperialist rivalry has become increasingly intense. Competitive austerity policies to improve one's export position in the world market result in also shrinking effective demand on the domestic market. Competitive protection from imports—which today most often do not take the form of tariffs, but of "voluntary" export restrictions, minimum prices, etc.—finally end by reducing the export market. Indeed, in the early 1980s the physical volume of goods being traded among capitalist nations actually declined for the first time since World War II. In the case of the United States, this decline was substantial, amounting to about one-sixth of exports in current dollars. (*Statistical Abstract of the United States, 1985*, p. 813.)

Internationalization under conditions of interimperialist rivalry, anarchy of development and neocolonial domination engenders structural problems which impede development.

Another area of acute structural problems is the restructuring, relocating and reequipping of industry, particularly manufacturing industry, within individual countries and on an international scale. Its most striking manifestations are the shutting down of plants, drastic and permanent reductions in workforce in particular industries. Hardest hit among basic industries are auto, steel and many types of machinery. Apparel and shoe industries, among others, were affected. Alongside sharp declines in output and employment in these industries, other industries are being propelled to new prominence. Computers and electronics, synthetics and other branches of production most closely connected with scientific progress are growing, though not rapidly enough to absorb the labor expelled in other areas.

This crisis restructuring of industry may be traced to at least three sources, which affect different industries to varying degrees.

- Automation, computerization, reorganization of production methods and other applications of science to production, which on a long-term basis reduce employment in an industry relative to output.

- Reduction of demand, which in turn may be due to slowdown in the economy or particular sectors, substitution of new materials or products, or cyclical factors and,

- Transfer of production capacity abroad, frequently to low-wage regions of semi-industrialized countries.

In the steel industry, for example, all of these factors have come into play, but not with equal force at different times. In the sharp cutbacks in employment and junking of productive capacity in the recent period the main driving factors have been slowdown in economic growth, the severe cyclical crisis of 1979-82, and other factors reducing demand.

One must distinguish which aspect of the situation is a crisis for whom. For the workers of the industry being shrunk, for the cities and regions which depend on the industry, the drop in employment is a crisis. To the capitalists, however, shedding "excess capacity" and "excess labor" is a solution to a crisis: more exactly,



a means of transferring its weight to others.

Forty years ago, the Austrian economist Joseph Schumpeter celebrated the "creative destruction" which occurs under capitalism. Today, in this vein, one hears paeans to the creative managerial brilliance of the Chrysler corporation, which cut its workforce in half to arise phoenix-like from the ashes of near-bankruptcy into a profitable enterprise. As a study by the New York Stock Exchange puts it:

The fruits of economic progress are at least partially paid for in human anguish by those whose skills and means of livelihood are set aside. However, we must also realize that such changes are a healthy aspect of a dynamic capitalist economy. (NYSE, Office of Economic Research, *U.S. International Competitiveness: Perception and Reality*, August 1984.)

While industries have been affected unevenly, and some hardly at all, there is every reason to believe that the list of industries crippled by this process will grow in the future, leaving more widespread human and material devastation in its wake.

Yet a third terrain of structural crisis is the monetary-financial sphere. Monetary problems both reflect underlying imbalances in production relations and add new aspects to the crisis. After the breakdown of the Bretton Woods agreement in 1971, there was a gradual acceleration of inflation. In the U.S. this was capped by four years of double-digit inflation in the late 1970s.

The efforts of capitalist states in the late '70s and '80s to stem inflation were an incentive to intensify their austerity policies. The oil crisis, while by no means being the sole cause for the wave of inflation, did spread its consequences in dramatic fashion to the oil-consuming less developed countries. Unable to generate sufficient export earnings to cover the cost of petroleum imports, they borrowed heavily from the main money center banks. Their indebtedness mushroomed to over \$700 billion. The narrow rescues of some of these countries from defaulting on this huge overhang of debt must be considered a temporary papering-over, and by no means a solution to the problem. It has per-

mitted the contradiction between consumption and means of payment to be developed to the limit. As Marx presciently wrote:

The credit system appears as the main level of overproduction and over-speculation in commerce solely because the reproduction process, which is elastic by nature, is here forced to its extreme limits . . . Hence, the credit system accelerates the material development of the productive forces and the establishment of the world market. It is the historical mission of the capitalist system of production to raise these material foundations of the new mode of production to a certain degree of perfection. At the same time credit accelerates the violent eruptions of this contraction—crises—and thereby the elements of disintegration of the old mode of production. (*Capital*, Vol. III, op. cit., p. 441.)

So far, several crises of insolvency by debtor nations have been staved off, though at a cost of really draconian measures to reduce living standards in Brazil, Argentina, the Philippines and other borrowers. The lending countries have good reason to seek to avoid an outright repudiation of the debt, for one such large-scale default could set off a chain reaction of bankruptcies up the line of creditors. The consequences of such a development would shake the very foundations of the capitalist financial system.

When it comes to financial profligacy, the Reagan Administration, its sober-sided preachments notwithstanding, surely holds the all-time record. It is borrowing at a fabulous rate, both to cover the now built-in federal deficit and to cover the deficit in the U.S. trade balance with the rest of the world. It is estimated that one-third of the jobs lost in manufacturing in the United States since 1980 are due to the high parity of the dollar needed to attract such high-stakes lending. For the moment the influx of foreign cash helps put a rosy glow on things. But like all speculative bubbles, this one too will inevitably burst.

This list is far from complete. One could name such major areas of structural problems as the diversion of material, financial and scientific resources to the current mili-



tary buildup; such parasitic activities as the corporate takeover boom (the volume of assets acquired in large corporate mergers in the last five years surpasses that in the entire previous history of the country); or the declining effectiveness of state monopoly regulation of the economy. However, it is not possible to give an exhaustive account of structural problems here.

Another question arises. Under what conditions are we entitled to speak not only of structural problems in separate areas of the economy, but of an overall crisis of a new character, of the structural crisis of capitalism?

One such criterion is that the combined and mutually reacting effects of the various problems lead to a slowdown in the overall rate of growth over a period of several cycles. Has this, in fact, been the case? A study of industrial growth rates by Victor Perlo, published in the February 1985 *Political Affairs*, shows that it has. His figures demonstrate that in the developed capitalist countries, industrial production increased at a rate of 6 per cent per year from 1953-63 and 6.1 per cent from 1963-73, the fastest in the entire history of capitalism. However, in the decade from 1973-83, industrial growth amounted to only 1.1 per cent per year, the slowest for any decade outside the 1930s. The growth rates of industrial production in the socialist countries exceeded those in capitalist countries by 4.3 per cent per year in the first decade, 2.7 per cent in the second decade and 4.2 per cent in the third.

This overall slowdown in economic growth itself creates a new set of problems. For example, it contributes to the high rates of unemployment, which, while fluctuating cyclically, are mounting steadily from one cycle to the next. The slowdown in growth rates aggravates market problems, that is, it interferes with the realization of surplus value. It also contributes to the chronic problems of government finances.

One could also ask whether the separate areas of crisis tend to block the means by which any one of them could be counteracted, and thereby tend to make the problems chronic? This, too, is evidently the case.

It is likely, in sum, that we have already entered a period of long-term slow growth for cap-

italism. Slow growth of production is not a constant characteristic of capitalism in the period of its general crisis. As Lenin noted in *Imperialism, the Highest Stage of Capitalism*, growth may even accelerate during the epoch of monopoly capitalism. The current slowdown is due to special features of the development of the general crisis, difficulties overcoming contradictions engendered by the socialization of production at a particular period.

This slowdown does not mean that cyclical development is supplanted by chronic stagnation, or that unevenness among countries and regions will disappear. Cycles will continue, but constrained between narrower horizons.

Clearly, such a drastic change in economic climate has considerable implications for the conditions of the people and the perspectives of the labor movement.

A huge amount of data could be cited to demonstrate its impact. Real wages and employment are the most important indicators.

Real wages of nonsupervisory workers in the United States, excluding agriculture, peaked and then began a gradual decline precisely at the turning point of growth rates of world capitalism—1973. In the following decade, wages adjusted for inflation fell 13 per cent. (*Statistical Abstract of the United States*, 1984, p. 432.) Wages adjusted for inflation and taxes—a calculation the Labor Department used to make, but no longer does, fell 17 per cent.

Unemployment, comparing the trough of one cycle to the trough of another to discount cyclical changes, has increased from 5.8 per cent in the fourth quarter of 1970 to 10.8 per cent in the fourth quarter of 1982. (for a discussion of structural unemployment see Y. Shishkov, "Unemployment in Capitalist Countries," March 1984 *Political Affairs* and Michael Podgursky, "Sources of Secular Increases in the Unemployment Rate, 1969-82," July 1984 *Monthly Labor Review*.) Adding the hidden unemployed to this BLS figure—involuntary part time and discouraged workers—would double it.

The ratio of Black to white unemployment, again using official figures, has risen from 2:1 to 2.2:1. The gap between Black and white in-



comes, which narrowed during the 60s, has again widened to the level preceding 1960.

The contribution of the crisis of basic industry to these results is documented by the following: A recent Labor Department study shows that 11.5 million workers were permanently fired from their jobs due to cutbacks in production between 1979 and 1984. Half these losses came from plant shutdowns, the rest from reduced production, elimination of shifts or job categories. (U.S. Department of Labor release USDL 84-482, November 30, 1984.)

The chronic character of the problems is also indicated by the fact that, even during the recovery, poverty, long-term unemployment, hunger and Black infant mortality rates have continued to increase. Under conditions of structural crisis, cyclical recoveries are more selective than ever.

Looking at the impact on collective bargaining *per se*, the Federal Reserve Bulletin reports,

Since 1979, at least 3 million union members in the United States, one out of every six, have accepted labor contracts that freeze or reduce wage and fringe benefits or alter work rules. Initially, such deviations from traditional union wage practices were confined to a few financially troubled firms. But as the economy went through back-to-back recessions during the early 1980s and unemployment climbed to post-war record levels, deviations from customary practices appeared with increasing frequency in union contracts and often were negotiated on an industry-wide basis. ("Union Settlements and Aggregate Wage Behavior in the 1980s," *Federal Reserve Bulletin*, December 1984.)

Another BLS study indicates that union membership fell from 23 per cent of wage and salary workers in 1980 to 18.8 per cent in 1984, mostly due to declining employment in unionized industries. (*New York Times*, February 8, 1985.)

Labor Research Association asserts that the current bargaining climate is the result of more fundamental and long-term economic and political factors. Taken together, they lay the basis for an increasingly intensified confrontation between labor and the corporations.

Among the challenges which structural

changes in the U.S. economy pose to collective bargaining, LRA names: restructuring of basic industry through shutdowns and mergers; mass unemployment in industrial regions; diversification of corporations across industry lines; export of capital and foreign outsourcing; greater capital mobility and financial speculation; increased foreign competition; introduction of highly automated production systems; finally, and most important, the all-out union-busting assault by the Reagan Administration, the courts, the NLRB and Congress. (*Economic Notes*, May 1984.) (According to the AFL-CIO, union-busting has become a \$100 million per year industry.)

Citing these facts and similar trends for other capitalist countries—which differ significantly in particulars—some have foreseen a "historical decline of labor." But if they draw such a conclusion, labor's enemies are too quick to rejoice, labor's friends too quick to despair. All of the things we have cited are evidences of the historic decline of capitalism, not of labor.

It is perhaps not surprising that when a historical shift in climate takes place, it is often the ruling class which notes it first, responds most quickly, and which may therefore in the short run manage to preserve and even strengthen its positions. But only in the short run. For the emergence of long-term structural problems has placed squarely and unavoidably on the table issues which call into question the foundations of the system itself.

Representatives of the ruling class may take the ideological, as well as economic and political offensive, as the Reagan Administration has done, and for a time succeed in cultivating the illusion that their reactionary program represents a real solution to the crisis. However, these illusions also follow cycles. They are dissipated by the harsh glare of experience.

Without attempting to elaborate a rounded program to deal with the crisis I want to suggest two guidelines of approach.

First. Since the crisis arises from the operation of the law of surplus value, that is, the seeking of maximum profits, only those propos-

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# Labor, New Technology And the Current Crisis

George Krikorian

The bourgeois view presents the development and application of the new microelectronic technology as an autonomous force, driven by its own logic, irrespective of class relations and the class struggle. It focuses attention on the "impact of technology," divorced from the economic and political conditions under which it is applied.

According to the corporate view, technological change is the *cause* of unemployment. Since, in this framework, technological change is also the engine of economic growth and the force behind new job creation, the only thing that can be done about this so-called "technological unemployment" is to "ease the process of adjustment of displaced workers." Unemployment is the "price paid for progress."

On the other hand, the Marxist, pro-labor approach views technological change through the prism of class relations and the class struggle; from the angle of the economic and political forces that propel its development and application. Under capitalism new technologies are applied in order to increase the amount of surplus value extracted from each worker in a given period of time, since this is the source of capitalist profits—the driving force of capitalist production. Capitalists are forced to improve productivity in order to maintain or increase their respective share of the total surplus-value.

Where the resulting productivity increase is greater than the change in the demand for the product—and where the length of the work week is not reduced—joblessness results. Workers in industries like meatpacking, printing, and others in the U.S. are familiar with this job-slaughtering process. This is the set of conditions under which technological improvements are a threat to jobs.

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Just as ominous as job-reducing technological change, from the point of view of workers, however, is the situation where capitalists are slow to innovate and their market share is reduced. As union negotiators confronted with changing technologies know, technological improvements are also a condition for employment, since under private ownership technological obsolescence is the road to plant shutdowns and bankruptcies. Workers in the basic steel industry of the U.S. are aware of this process, since a growing part of the stagnant U.S. market in steel has been secured by foreign integrated, and domestic "mini-mill," competitors operating with superior technologies to those used by the major producers.

At one and the same time, then, under conditions of private ownership and control, technological change is both a potential threat to, and a condition for, employment. This paradox can not be reconciled by addressing the question of technology alone, as a capitalist view would have us believe. Consequently, in order to deal successfully with the contradictory impact of technological change in the interest of workers, it is necessary for the labor movement to challenge the profit framework through which it is developed and applied, along with the corporate prerogative to determine the level of employment. Workers do not reap the benefit of technological change as long as the capitalist class has control over employment and wage levels. This is true whether technological conditions are improved or allowed to become obsolete.

## **Union Response**

A recent survey of union officers, mediators, management and arbitrators found that:

Willing acceptance was the most common response American labor unions make to the introduction of



new technology. (*Labor and Technology*, Kennedy, et. al., Penn State, Pennsylvania, 1982, p.17.)

The fact is that "willing acceptance" and "opposition" to new technology are two sides of the same coin under conditions of unbridled corporate control, since the fundamental question at stake for labor is not how to respond to new technology *per se* but how to deter reductions and achieve growth in employment and living standards.

Technological change is but one of several weapons in the capitalist arsenal for increasing the rate at which labor is exploited. Therefore, to deal with technology in isolation from the overall question of who controls the level of employment and the value of labor power is to miss the central issue. This is especially true since improved technology carries the potential to produce rising living standards, better working conditions and more leisure time.

The best standard of a labor approach toward new technology in this regard is contained in the International Association of Machinists' "Technology Bill of Rights." The first two of ten points are as follow:

- 1) New technology shall be used in a way that does not decrease jobs, but creates or maintains jobs and promotes community-wide and national full employment.

- 2) Unit cost savings and labor productivity gains resulting from the use of new technology shall be shared with production workers at the local level and shall not be permitted to accrue solely for the gain of capital and management shareholders.

Placed in a Marxist framework, the "Technology Bill of Rights" is based on the idea that the new technology should not be used to increase the rate at which labor is exploited.

### **Structural Change**

At the present time, in the U.S., Canada and Europe, changes in technology and its applications are part and parcel of a deep-going restructuring of the industrial landscape. While they are an aspect of this process, these technological changes are the not central cause of this

restructuring or the mass unemployment which follows in its wake.

The structural crisis of world capitalist industry is related to the overall slowdown in average annual rates of economic growth over the last decade and one-half. *The world market for industrial output has grown at a slower rate than increased production capacity.* The increased world capacity is associated with intensified international competition driven by the internationalization of production and the export of capital by transnational corporations. This is the context in which today's new technology is being introduced.

In the 1960s, in the U.S., there was much speculation that widespread automation of manufacturing processes would result in massive job loss. While such job-loss did occur in particular industries where the market grew more slowly than productivity, this prediction did not prove true for the manufacturing sector as a whole. Indeed, manufacturing employment rose by nearly 5 million in the 1960-69 period in the U.S. At that time, the improvements in technology occurred under favorable conditions for economic growth in the U.S. and other leading capitalist countries.

Between 1950 and 1973, economic growth averaged a healthy 6 per cent per year in the developed capitalist countries as a whole, and 4.2 per cent in the U.S. In contrast, between 1973 and 1983, economic growth averaged 1.1 per cent in the developed capitalist countries as a whole and 1.2 per cent in the U.S. (Victor Perlo, "U.S. and World Economy Going Into 1985," *Political Affairs*, February 1985.) Furthermore, while in the 19 year period from 1950-1969 manufacturing employment rose at an average annual rate of 1.7 per cent and industrial output by 8 per cent, in the 14 year period from 1968 to 1983, the corresponding figures were .07 per cent and 2.9 per cent. (*Economic Notes*, Labor Research Association, February 1984.) Between 1979 and 1984 about 1.5 million jobs were eliminated in manufacturing. (Ibid, March 1985.) The long-term slowdown in economic growth is a reflection of the fact that technological change is not without contradictions for the corporate in



terests that it serves. Indeed, while improved technology may yield a temporary profitability advantage for one section of capital in relation to others in a particular industry or in the whole economy, once the technology is in general use, there is a tendency for the rate of profit to fall. While each worker is more productive, there are fewer workers per unit of output to exploit. One basic tenet of Marxist economic theory is that in order to restructure industry on the basis of new technology and raise the average rate of profit as well, the rate at which labor is exploited must increase more than the ratio of capital to labor. This requires that, while increasing productivity, employers must reduce the value of labor power by cutting real wages, reduce union control in the workplace, increase the average length of the workday and increase the intensity of labor. As Marx wrote in Volume 1 of *Capital*:

[T]he application of machinery to the production of surplus-value implies a contradiction which is imminent in it, since of the two factors of the surplus-value created by a given amount of capital, one—the rate of surplus-value, cannot be increased except by diminishing the other, the number of workmen. This contradiction comes to light, as soon as by the general employment of machinery in a given industry, the value of the machine-produced commodity regulates the value of all commodities of the same sort; and it is this contradiction, that in its turn, drives the capitalist, without his being conscious of the fact, to excessive lengthening of the working day, in order that he may compensate the decrease in the relative number of laborers exploited, by an increase of not only the relative, but of the absolute surplus-labor (International, 1967, p. 407).

Along with increasing the workday, the capitalist seeks to intensify the labor process and drive down wages. This is the essence of the Reagan-corporate antilabor offensive. But these processes have the further contradictory impact of limiting the rate of growth of the mass market in consumer goods, which tends to constrict the rate of growth of the capital goods market and the economy as a whole. This, in turn, constrains the rate of application of the new technology. This decline, through the

1970s, in the value of labor power took the form of absolute declines in real wages and has been intensified under the Reagan Administration in the 1980s. It is an important part of the slowdown in capital accumulation for the last decade or more.

This complex process indicates that there is more to the relationship between technology and employment than simple causal arguments would have it. *The system of capitalist exploitation which spurs technological development also constrains the rate of its application.* Consequently, the "impact of technology" must be examined in relation to concrete conditions of the national and world capitalist economy.

### ***The Current Unemployment Crisis***

Contrary to what one might think, based only on watching the nightly news reports of floods of robots or listening to the rhetoric of the Reagan Administration, the unemployment crisis which is gripping the industrial centers of the U.S. has not been caused simply by the massive introduction of robots or other computer-aided manufacturing processes. Indeed, the structural crisis in the basic industries has had the effect of limiting the overall pace of application of new technology, causing it to lag significantly behind the pace of its development, while simultaneously intensifying the unevenness of its application.

Just as important as technological change to the explanations of large-scale unemployment in recent years are the increased internationalization of production and competition and the rapid decline in living conditions of workers through real wage deductions, lengthened workweeks and increased speedup. Indeed, one of the astonishing aspects of the current period for many economists who in earlier years trumpeted the arrival of robots and the coming of the "workerless factory" is the fact the the U.S. has lagged substantially behind its rivals in the application of microelectronic technology to industrial processes.

A glaring example is the case of robotics. According to *Forbes*, July 16, 1984:

A decade ago forecasters were predicting that the



market for robots in the U.S. would reach \$1 billion in 1983. Instead, according to a recent International Trade Commission study, it came to \$169 million.

Forbes noted further in the article that while the U.S. leads the world in robotics technology, Japan—its chief international rival—ranks first in their industrial applications. In fact, “of the 50,000 robots in worldwide use in 1982, Japan had 31,000 versus 7,000 for the U.S.” This ratio has not changed significantly since. Moreover, it is more glaring when one considers the U.S. GNP is more than twice that of Japan.

The situation is the same for other computer aided manufacturing processes. The fact that microelectronic technology has been applied relatively slowly in U.S. industry helps explain its declining relative competitiveness on world markets. Paradoxically, the U.S. is now most competitive on world markets in the hi-tech, computer and aerospace industries and lags behind Japan and the Federal Republic of Germany in shipbuilding, machine tools, steel, electrical and nonelectrical machinery, industrial appliances, rubber and plastics. Meanwhile, the U.S. transnational corporations have the greatest foreign direct investment of any in the world. (*Economic Notes*, Labor Research Association, December 1984.) This reflects the fact that exporting capital to countries where labor and other costs are lower is preferable for U.S. monopoly capital, under many circumstances, to upgrading technology domestically. While some sections of U.S. industry are less competitive in the world economy, the largest U.S.-based transnationals are doing quite well. (See *Labor Confronts the Transnationals*, Labor Research Association, International Publishers, New York, 1984.)

The long-term growth of unemployment in the U.S. is at one and the same time the result of technological advance in some sectors and obsolescence in the face of international competition in others. In fact, the sectors of the economy which have seen the more rapid introduction of new technology over the last several years—financial and business offices, services—have

seen the most employment growth. On the other hand, the U.S. manufacturing sector has been unable to apply it at the rate necessary to maintain its share of the world market.

This is not to discount the threat new technology poses to the jobs of workers in particular industries or occupations, now or in the future. (See *Work Transformed*, H. Shaiken, Holt Rhinehart and Winston, New York, 1985 for analysis of the impact of new technologies in metal working and *Labor and Technology*, cited above, for examples in the manufacturing and nonmanufacturing sectors.) The threat is aggravated by the Reaganite wage- and benefit-cutting, workrule destroying, speedup drive over the last five years. This has resulted in an extreme decline in the value of labor power and has created more favorable conditions from the point of view of corporate employers for profitable application of technology to industrial processes. At the plant and office level, we know of numerous examples of technology producing direct job loss and reduced conditions of employment. Examples abound in communications, banking, printing, food processing, retailing, machine and other industries. Nevertheless, from the point of view of the economy as a whole, new technology, while an important factor, is not the main cause of the unemployment crisis.

This framework leads us to conclude that “opposing” new technology is a narrow response to blunting its negative impact. Equally unproductive is an approach of “willing acceptance” which does not challenge the corporate prerogative to eliminate jobs. In each case, workers bear the burden of corporate control of investment decisions.

### **Labor Approaches**

A Marxist approach starts from the premise that new technology contains the potential to improve the conditions of work and life for the working class. Technology has negative effects on workers only under conditions of capitalist ownership and production geared to increasing the rate of profit. Consequently, in order for these negative effects to be blunted, labor—at



the local, national and international levels—is forced to challenge employer control of investment decisions and the prerogative to determine employment and compensation levels. While this entails a challenge to the very logic of the profit system itself, it is the only avenue for dealing with the problem effectively. This approach is confirmed by the application of microelectronics techniques in the socialist countries, where production is for social use and the benefits of enhanced productivity are passed on to the working class.

Trade unions in the U.S. have begun to deal with the question of new technology in labor contracts. Up to this point, however, union activity has centered on blunting the antilabor impact of the new technology by pushing for contract clauses on advance notification of shutdowns, severance pay and retraining. Such clauses are important in easing the impact new technology can have on workers. But they do not go the distance in challenging the corporate, job-threatening logic on which technological changes (or stagnation) are based.

Guaranteed employment must be a central bargaining objective, and a full-employment policy must be the objective of independent political action, in order to deal with job-displacing technology and obsolescence. Industrial unions in other countries have won no-layoff provisions in their contract clauses dealing with new technology. This is the case, for example, in some British and Japanese contracts.

As noted earlier, the struggle around new technology can and must be linked to the jobs struggle in general. In this connection, there are several objectives which unions throughout the capitalist world have begun to fight for through both collective bargaining and legislative actions.

1. *A shorter work week with no cut in pay.* While the average length of the workweek has remained consistently above 40 hours for over 50 years since the Fair Labor Standards Act established time-and-a-half after 40 hours, the productivity of manufacturing workers has risen dramatically. For example, between 1947 and 1981 productivity rose 140 per cent while

real before-tax wages rose less than 35 per cent. This reflects a tremendous increase in the rate of exploitation of labor. Labor Research Association calculates that in order to bring the workers' share of the value they produce back to the level that prevailed following WWII, the workweek would have to be reduced to 27.2 hours at given weekly pay levels. (*Economic Notes*, March 1984.)

An all-union campaign to shorten the workweek—through bargaining and legislative action—with no reduction in pay would provide a firm foundation for no-layoff provisions in union contracts. At the same time, it would help expand the buying power of the working class as a whole, improve living standards, raise demand in currently stagnant markets, and be a blow against employment discrimination. Each of these things would further limit the job-displacing impact of new technology.

2. *Plant closings and public takeover legislation.* In the context of corporate "disinvestment," plants have been allowed to become technologically obsolete; and in the context of improved technology, fewer workers are needed to produce a given level of output. Both processes result in plant shutdowns. Therefore, legal restrictions on plant closings, and legislation implementing the right of the public, through government action, to take over and own shutdown plants are essential to preserve jobs.

3. *Expansion of the size of mass markets through real wage increases at or above industry rates of productivity with price controls.* A systematic campaign, through both the bargaining process and legislation, for guaranteed real wage increases would result in larger markets, enabling new technology to be introduced without producing job loss.

These three goals are just a few of the strategic objectives which challenge corporate prerogatives to determine employment and compensation levels in line with the Machinist Union's "Bill of Rights."

An important part of the fight for these reforms is the need to build international trade union unity of action, since the employers are



still able to play workers of one nation off against those of another. The fight, for example, for the shorter workweek must take place on an international level around agreed upon standards. But it must also take place in the context of international union solidarity in raising the wages of workers around the world. Without such an international approach, the struggle for reform is more difficult, since every victory becomes harder to hold onto as the transnational corporations shift production at will.

Simultaneously, the struggle to place investment decisions in key industries under public control is also important to stem the ability of corporations to move capital to evade restrictions.

Each of these items is a direct challenge to corporate prerogatives and the profit system. It might be argued that more "intermediate" and easily attainable solutions are needed to deal

with the problems of technological change. While provisions are needed to "ease the process of adjustment," they are not a solution to mass unemployment. Real alternatives require that the balance be tipped in favor of labor and that the antisocial and destructive policies of the transnational corporations be curbed and ultimately defeated. In the final analysis, only by altering this balance and ultimately by achieving working-class political power can new technology be used in a way which improves living standards, reduces drudgery and increases employment and leisure time. While the reforms elaborated above are critical for workers to gain real benefits from technological change under capitalism, the only lasting solution is social ownership of the means of production, production for social need and putting working people in charge of the affairs of state. □

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### **Cohen** (continued from page 16)

als which replace this governing principle with an opposite one have any possibility of success. The most effective step in this direction is to take control of the economy out of capitalist hands through public ownership. While this is not yet socialism, it is a step toward public control and planning of the economy.

Second. The structural crisis erodes objective factors behind any "nonconfrontational" relations between labor and capital, between monopoly and the people. This means that class partnership policies lead quickly up a blind alley. Capital has declared open class warfare; labor must meet the challenge.

The AFL-CIO Committee on the Evolution of Work recently issued its second report, "The Changing Situation of the Workers and Their Unions," which analyzes and searches for answers to some of these pressing problems. It makes numerous positive proposals, along with some, which, not unexpectedly, are at best arguable. But what is most striking and indicative of change in the ranks of labor is the frank posing of problems and acknowledgement of the

need for new solutions to them.

Particularly noteworthy is the passage in the report which calls attention to the experiences of the 1930s, the highwater mark of class struggle policies in the U.S. labor movement: "trade unionists of that era developed approaches attuned to their situation which caught the allegiance of a generation of workers and organized labor experienced a period of remarkable growth."

The report closes with this quotation from Eugene V. Debs:

Ten thousand times has the labor movement stumbled and bruised itself. We have been enjoined by the courts, assaulted by thugs, charged by the militia, traduced by the press, frowned upon in public opinion, and deceived by politicians.

But notwithstanding all these, labor is today the most vital and potential power this planet has even known, and its historic mission is as certain of ultimate realization as the setting of the sun.

Debs, of course, had a broad conception of the historic mission of labor. We who share that vision should also share his optimism. □



# Hard Times In Auto What's Ahead for the Workers

SAM WEBB

Things are hard to figure these days in the auto industry. At the peak of an economic upturn, auto production is still 9.5 per cent below its 1978 peak, and employment among the Big 4 is down 205,000. American Motors is threatening to shut down its main operation in the United States. About 250,000 autoworkers are unemployed.

Wages in the industry are increasing slowly, and will slow even further as new contracts with GM and Ford take hold. Those contracts trade base-wage rates for lump sum payments, which will reduce benefits and cost of living adjustments as well.

Most unemployed autoworkers have exhausted their unemployment benefits. Some are on food lines and in emergency shelters. The rest are in jobs paying far less than they earned in the past, often with no union protection.

Not since the '30s has there been an assault of such scope and intensity on workers' shop floor rights. Grievances which management stubbornly refuses to settle are piling up. Simple repairs are ignored. New jobs are being assigned to workers and the speedup is killing. Work rules and job classifications, like relief workers and inspectors, are being eliminated in plant after plant as such matters are left for local unions to negotiate in local agreements.

The crisis spills over into the auto cities. Shutdown plants, boarded-up homes and small businesses, deteriorating services, the quiet desperation and growing anger of the people all testify to the economic hurricane devastating a vital industry. The cities and neighborhoods where Black workers live are at storm center.

The Reagan Administration and the Big 4 are doing all they can to wipe out gains won decades ago. But the autoworkers and their al-

lies are fighting back in the political and collective bargaining arenas. Last year GM workers went out on a national strike and the UAW has played an active role in the anti-Reagan fight-back.

Meanwhile, the Big 4 are waxing fat. This year is expected to be the second most profitable in history. In the first quarter of 1985 GM reported profits of \$1.07 billion and Ford \$783 million; Combined profits in 1983-1984 were the highest two-year total in the industry's history.

Not surprisingly, auto executives and stockholders are swilling at the trough. Executive salaries, bonuses, and stock options for the top eight officers of U.S. auto companies totaled \$14.3 million. Mr. Demagogue, Chrysler Chairman Lee Iacocca, cleared \$4.3 million.

All this signifies a big change in the life of the auto industry, a departure from the past. In earlier periods upswings in car sales were usually accompanied by higher employment and improved living standards for autoworkers. There was a link between production and sales on the one hand and employment and living standards on the other.

What has ruptured this link? What can be done to reverse the deterioration in living standards? How can jobs and shop floor rights be defended and expanded?

The answers require, first of all, a closer look at the auto industry. It, perhaps more than any other industry, is influenced by cyclical ups and downs of the economy. According to a popular saying, when the economy sneezes, Detroit catches a cold.

Cyclical downturns have hit the auto industry with particular force over the last decade. The 1979-1982 overproduction crisis was the deepest and longest since World War II. But those downturns alone do not explain the depth and the persistence of the problems facing auto-

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workers. With production at a cyclical peak, there is still mass unemployment and declining living and working conditions.

Something else, therefore, is needed to explain the new reality.

A number of developments during the last decade have molded its shape and its future. In the late '70s and '80s, these developments reached a new level, hurting current conditions and prospects for autoworkers.

One of these is internationalization and concentration of the auto industry. Almost since its birth the auto industry has had an international flavor, and over the ensuing decades U.S. auto companies steadily built up their operations outside the U.S.

What is new is that the process has accelerated and reached a new stage. GM has more than 25 per cent of its assets invested abroad and operates in 36 countries, including Japan, Brazil, Mexico and countries like South Korea and South Africa whose antilabor governments are propped up by the Reagan Administration. Since 1980, GM has spent an unheard of \$8 billion outside North America. Ford, not to be outdone, has operations in 28 countries, an astounding three-fifths of its assets abroad, and spent \$2.5 billion in other countries in 1983 and 1984. Ford of Europe is the third largest seller of automobiles in that part of the world. Chrysler's investments beyond U.S. borders are smaller, but significant relative to its total assets.

To a lesser degree, but far more than in the past, foreign capital has flowed into the U.S. Once there was only Volkswagon. Now there is Toyota, Honda and Datsun, and Renault owns 49 per cent of AMC. Soon Mitsubishi and Mazda will join them.

In addition, much of the capital of the Big 4 invested abroad is interlocked with foreign capital. In some cases the auto companies are working on joint production ventures with overseas competitors. GM-Toyota is the most publicized example, but only the tip of the iceberg. In other cases, technical knowhow is swapped. Most commonly though, auto corporations own equity interests in foreign companies. GM's affiliates include Suzuki and Isuzu in Japan and

Daedoo in South Korea; Ford's include Mazda in Japan and Lio Ho in Taiwan; and Chrysler is affiliated with Mitsubishi in Japan and South Korea.

U.S.-based auto transnationals are no longer, and never have been for that matter, confined to operating in a single national market or exploiting workers of a single country. All of them are increasingly worldwide in scope and closely interlocked with foreign capital. Some analysts say that as few as five to ten auto companies could control the world market by the end of the next decade.

What are the practical consequences of this new level of concentration and internationalization of the auto industry?

- Production units are closing down in the U.S. and workers are being laid off. Just recently, a GM foundry in Pontiac closed and production was shifted to Brazil.

- Intense pressure is being brought to bear on workers in the U.S. and elsewhere to make concessions in wages, benefits, job classifications and work rules. One ploy is to threaten plant shutdown unless the workers make concessions. The recent ultimatum issued by AMC to its workers is an example of this form of blackmail.

Another tactic is to agree to build a new plant or start a second shift, but only if concessions are made. The new GM-Toyota plant in California is typical of this. First, GM shutdown the Fremont plant. Then it signed a joint venture agreement with Toyota. Finally, the plant reopened and former UAW Fremont workers were rehired at substandard wages and with few job classifications and work rules. In fact, the new joint venture will have only four classifications, three skilled and one for production workers. That compares with 75 in the typical auto plant.

- The trade deficit is bulging. The auto deficit amounted to \$27 billion in 1984.

- More cars are being imported from U.S.-owned and affiliated companies abroad. Last year 300,000 cars were imported. This year the U.S.-based auto companies intend to almost double that from Japan alone. Lee Iacocca, who



only a month ago chided the Democratic Party for its inadequate jobs program, announced that Chrysler intends to import 180,000 cars from its Japanese partner, Mitsubishi. General Motors hopes to import 300,000 from its Japanese partners. Ford has similar plans. The U.S. auto companies are doing what they accuse the Japanese auto companies of doing—building in Japan and selling here.

These plans are part of a wider corporate strategy, supported by the Reagan Administration, to move small car and parts production to other countries, particularly South Korea, Mexico and other developing countries, in the drive for maximum profits. It is this practice that led to the coining of the term "world car."

In sum, U.S. auto monopolies are the biggest exporters of investment capital and the biggest importer of cars and component parts in the world.

Technological breakthroughs are also contributing to the deeper crisis in auto. The auto industry is no stranger to technology. For most of its history technology has been an important factor in its growth and development. In recent years most welding and paint operations have been robotized. New, lighter materials have been substituted for heavier materials. Cars have fewer parts and are more fuel efficient. Computers are used in design and many other operations.

Nevertheless, the full impact of the technological revolution has yet to be felt. A glimpse of its impact, though, can be gleaned from GM's new Saturn Project.

**S**aturn is not just another plant. The Saturn project is the most far reaching attempt ever undertaken to change labor-management relations, manufacturing and assembling processes, and the technological foundations of the industry. It's GM's way of attempting to establish supremacy in the world auto market.

At the heart of the Saturn Project is a new generation of technology. GM's determination to apply the very latest technology was underlined by its recent \$5 billion acquisition of Hughes Aircraft Co. The Saturn plant will be

the most efficient in the world. It will produce 400,000-500,000 cars annually, nearly double the number now produced at an older plant. Furthermore, it will employ at most 6,000 workers, the same number as in a typical assembly plant, in a production complex which includes manufacturing as well as assembling operations.

Contributing to the efficiency of the Saturn plant will be a radically different method of assembling cars. Gone will be the long assembly line where the car, moving continuously on a conveyor belt, is added to bit by bit and assembled by hand. In its place will be a modular system which makes possible the building of entire components and sections of the car in stationary position. Such a system is more adaptable to automation and computerization and allows for multiple job assignments.

Saturn will be a separate corporation, wholly owned by GM, with a capitalization of \$5 billion. GM Chairman Smith maintains that a separate corporation is necessary because of the newness of the project. However, Stephen Sharf, Vice President of crosstown rival, Chrysler Corporation, saw it differently, "You don't have to set up a separate facility or give it a new name to do all that, unless you're trying to get full concessions from the union or a certain sum from the state." Not surprisingly, GM is doing both.

While the site of the plant has not yet been determined, speculation is that Texas will be selected. It's close to GM's highly profitable parts operation in Mexico, accessible by water to Brazil, an increasing important source for steel and auto parts, and the home of GM's recent acquisition, Electronic Data Systems. EDS is a huge hi-tech firm headed by H. Ross Perot, an ultra-Rightist and union buster.

Maybe more important, Texas has no major concentration of the auto industry and has outlawed the union shop. State governors and legislatures are making major givebacks and enacting anti-labor legislation to lure Saturn without having a single guarantee about where it will be located. Michigan, for example, recently approved \$100 million in tax breaks and "reformed" worker compensation laws.



Thus GM is conducting a major assault on workers' rights and state and city treasuries under cover of the Saturn project. Little wonder that the plunderers in gray pin-striped suits postponed announcing the site for the Saturn plant until summer.

According to reports in the *Detroit News*, the UAW has agreed to concessions. Tentatively in place is a separate contract with few of the work rules and job classifications that workers in the older plants are fighting—even striking—to maintain. In recent months walkouts took place in Bowling Green, Kentucky, and Wenzville, Missouri, over GM's attempt to eliminate work rules and job classifications.

The same stories report that the UAW has approved a profit sharing plan called Saturn-sharing. For GM, such a plan would serve two objectives. First, it would eliminate or downgrade wages as the main form of compensation. GM tried to do that in the last round of negotiations, but was rebuffed by the union. Second, it would foster a procompany mentality, undermining workers' resistance to the wholesale destruction of workers' rights on the shop floor.

Finally, Saturn will reportedly have a wide array of quality of work life circles.

In effect, these agreements would create a new category of autoworkers with different wages, benefits, and working conditions.

As Saturn becomes the norm rather than the exception in the industry, as many as half of all autoworkers could be laid off. Few of those laid off would be absorbed in new plants.

Job prospects for Black and women workers would be almost zero. The new hi-tech plants are opening in suburban and rural areas from which Black workers are largely barred. They require skills that auto companies have resisted teaching to Black and women workers. No help can be expected from the Reagan Administration, which is gutting civil rights and labor legislation.

The Saturn plant will be used as a bargaining chip to batter down the living standards and working conditions in older plants. A multi-tier wage and benefit structure would become more firmly established in auto. Finally, the Saturn

project would be the model for the Saturn equivalents at Ford and Chrysler.

Thus the brighter future which should be associated with the application of advanced technology to production turns into its opposite under conditions of capitalist ownership and exploitation. Rather than using new technology to shorten the work week, increase living standards, lighten the work load, and produce a quality, safe, and low-priced car, GM intends to use state-of-the-art technology against autoworkers and consumers. The accent will be on labor displacement, work intensification and profit maximization. This objective law of capitalism operates with special intensity in an auto industry in crisis.

**T**oday the auto industry is a mature industry. The bulk of the demand comes from the replacement market. The hectic growth due to the sale of autos to an ever-broader circle of consumers has, in the developed capitalist countries, come to an end. This tendency is reinforced by the energy crisis, pricing policies of the auto corporations, and declining living standards of the U.S. working class since the '70s.

A final factor in the crisis in the auto industry is Reaganomics. Tax policies that encourage shutting down older facilities at home and expansion abroad; record budget deficits and high interest rates that favor financial speculation over productive investment; an overvalued dollar which puts U.S. exports at a trade disadvantage and fosters investment overseas by transnationals; a feverish Pentagon build up that drains resources from the civilian economy—all exacerbate the problems.

The coincidence of these developments has brought about a crisis in the structure of the auto industry itself. Unlike the post World War II period, it can not be solved by increased sales and production alone, by capitalist methods of stimulating the economy. Under the impact of the structural crisis and the scientific and technological revolution, robust activity in the auto industry can be accompanied by drastic declines in auto employment over the long term.



New solutions are required if the autoworkers are to find a working-class way out of the crisis. They must put the needs of the autoworkers before the profits of the auto corporations; they must challenge corporate perogatives; they must reject racism and anti-Communism.

The auto transnationals and the Reagan Administration are trying to exploit the crisis for their own ends, divert the workers' struggle, and impose solutions geared to maximizing corporate profits. The refrain of the corporate fat cats goes like this, "Things are hard in the auto industry. Competition is much tougher. We are in a life and death struggle with the Japanese and we can not lick them without concessions in wages and benefits, without higher corporate profits."

To the consternation of the auto bosses this demogogic pitch is increasingly met with derision, anger and opposition on the shop floor, at the collective bargaining table, and in the political arena. Though concessions from the workers are still being won in local and industry-wide negotiations, fewer workers today buy the idea that wage and benefit cuts or the elimination of job classifications and work rules will save jobs. In fact, the opposite conclusion—that concessions lead only to fewer jobs and demands for additional concessions—is increasingly being drawn.

Corporate PR people who are paid to turn things on their heads contest this. But look at the facts. Between 1978 and 1985, the UAW agreed to the deepest concessions in its history. About \$6 billion was given up. Did these concessions translate into jobs? In that period, production declined 9.5 per cent while employment plummeted 29 per cent. But concessions did bring record profits for the auto companies.

Autoworkers' attitude to class partnership policies is become much more critical. It's one thing to tie living standards, job security, and working conditions to the auto companies' well-being in a period of overall economic expansion, but its quite another to do so in a period of deepening structural and cyclical crisis.

Nonetheless, some still want to make the

economic future of autoworkers contingent on the health and profitability of the auto corporations, to the system of capitalism. Casting recent experience aside, they imagine that the interests of labor and capital can somehow be harmonized, that the current crisis is the result of shortsightedness rather than the outcome of laws governing the system of capitalist exploitation.

Consequently, new forms of class partnership are rearing their heads. Profit sharing, employee stock ownership, union representation on corporate boards, joint union-management forms are just a few of the new devices to give the illusion that they have a stake in the capitalism system, that they are on an equal footing with those at the commanding heights of the economy. But these new forms of class partnership are meeting with very limited success.

The auto corporations' efforts to portray the Japanese auto companies and workers as the cause of the current crisis is also striking a less responsive chord. "Buy American" is giving way to "Stop Outsourcing" as a political and collective bargaining slogan. This marks an important change in the class outlook of autoworkers.

The threat to job security in the eyes of many autoworkers comes, first of all, from the closing down of operations and movement of production to subsidiaries or affiliates abroad, from the introduction of new technology, from a slowing down in market growth, from the Reagan-auto corporate offensive. The problem is not just Japanese competition, but transnational auto companies, from the structural crisis of capitalism.

Imports are no longer seen as the principal danger, nor import restraints as the main solution. "Voluntary restraints" provided, at best, temporary relief for a small section of workers. But their price was high.

They diverted attention from the structural crisis and from combatting the profit drive of the auto companies. Instead of fighting for wages, conditions and jobs, the UAW leadership spent most of its time setting up picket-



lines around foreign car dealerships and distributing "Buy American" bumper stickers. U.S. auto companies took advantage of the restraints by hiking prices. At the same time, with the help of the Reagan Administration they told autoworkers that the restraints would be maintained only if *they* showed moderation at the bargaining table and flexibility at the workplace. Nobody can argue that the UAW did not fulfill its end of the bargain. The recent GM and Ford agreements were "moderate" in the extreme.

Protectionism weakens the fight for unity, which is decisive in today's setting. On the one hand, it splits workers in the U.S., not only from their counterparts in other countries, but also from U.S. workers whose jobs could be affected if retaliatory measures were taken against U.S. exports by other countries. In auto, exports amount to \$17 billion, about 15 per cent of production; and in agricultural implements, exports are \$1.5 billion, about 15 per cent of total output. On the other hand, higher prices for cars because of the restraints make millions of working people who own and buy cars easier prey to anti-autoworker propaganda.

Thus protectionism not only fails to solve the auto crisis, but also collides with the basic purpose of a trade union—elimination of competition among workers so that a common struggle can be waged against a common exploiter. In the early days of the trade union movement this applied mainly on a national level. Today, however, its content has to be enlarged. Worldwide trade union cooperation and joint action between the two main world trade union federations is called for because of the internationalization of the auto market. The task is not only to protect wages, jobs, and conditions but also to regulate trade in the interests of workers worldwide. Present regulations, in all capitalist countries, are all to the advantage of the most powerful monopoly groups.

**B**efore presenting specifics of a program for auto, a look at some lessons of the past would be useful. Not that today's struggles and demands can be a carbon copy of what took place in the early days of the UAW.

They can't. Yet it would be shortsighted to think that lessons of the 50-year history of the UAW can not be helpful today.

Lesson number one is that militant tactics and mass involvement of the membership, which is the real substance of democratic unionism, brought results. The sitdown strike in Flint, Michigan in 1937 was decisive to breaking the open shop in auto. It forced GM to recognize the CIO, set off a wave of struggle throughout the industry and culminated in the victory at Ford in 1941. These tactics did not fall from the sky or come from the heads of idle spectators. They flowed from the principles and tactics proposed by Communists and other Left-wing forces; they were a practical response by the autoworkers themselves to the resistance of the auto companies and the inadequacy of the craft-oriented, class partnership policies of the AFL auto unions. AFL leaders at that time resisted organizing production workers and building powerful, fighting, anticorporate unions.

Making unity the center of the union's strategy was another lesson. The approach was always to unite Black and white, American-born with foreign born, one local with another local, GM workers with Chrysler and Ford workers in common struggle against the auto corporations. "One Out All Out" and "Organize the Unorganized" were the guiding slogans, and industry-wide bargaining, common expiration dates, and a master contract covering all workers in the industry were the ABCs of the union's negotiating strategy. In the 1945 talks that approach was taken a step further, the UAW along with several other unions in basic industry developing coordinated collective bargaining demands and subsequently making significant contractual gains.

Democratic unionism and a shop steward system were other essential features of the union's early days. Grievances were settled on the shop floor by shop stewards. When the settling of grievances was obstructed by a foreman or boss, the workers had the right to strike immediately with the assurance of support by the International. No local was allowed nor was any local encouraged to go it alone.



Unity of Left and Center forces in the union was the political underpinning of the successful struggles against the auto exploiters. Communists played an instrumental role in this regard. Because they saw the exploitative character of capitalism and the need for a system that puts workers' needs before corporate profits, they were militant fighters and brought forward demands that challenged management prerogatives. Because they understood racism as an instrument enabling the boss to make superprofits and divide the workers, they made vital contributions to the struggle for class unity. Because they were for democratic unionism, they fought for the fullest involvement of the membership in every aspect of the union's life.

Finally, the UAW in its early years was instrumental in building independent currents in and outside the two-party system. These struggles in the political arena made possible the preservation of many of the gains, including union recognition, that were won at the contract table.

These lessons are timely for today's struggles. Of course they have to be tailored to the specific situation, to new conditions.

**W**hat are some of the key demands and the main ways to fight back in today's setting?

A shorter work week with no cut in pay, elimination of compulsory overtime and triple time for overtime are vital to autoworkers' future. Such demands would put the UAW in step with autoworkers around the world. Just last year the German Metalworkers Union went on a national strike and was able to shorten work time to 38 hours with no reduction in pay.

The elimination of compulsory overtime and the reduction in the work week week to 30 hours would create over 200,000 jobs. It would also make more secure the jobs of those still in the industry and take an instrument of superprofits and unionbusting out of the hands of the auto bosses.

Drawing in the unemployed in can only strengthen the fight for shorter hours, higher

living standards and better working conditions. Every experienced negotiator knows how the auto companies exploit high levels of unemployment, threatening the use of scabs to force workers to accept concessions in wages and benefits.

Restrictions on plant closings should be high on autoworkers' agenda too. Recent UAW agreements have contained language along these lines, but it needs to be strengthened and extended.

The fight in the collective bargaining arena should be coupled with one in the political arena. The Constitution grants government the right to seize property under the power of eminent domain for public purposes. It has been used by government authorities to take over homes and property to clear the way for highways and factories. Why not use it to keep open factories that are scheduled for closing? That would serve the public interest.

Public takeover of the assets of an entire corporation could also serve an urgent public purpose. For example, government takeover under democratic controls and union conditions of Chrysler Corporation in 1981, rather than a corporate bailout, would have been logical. Wages, conditions, and jobs could have been protected. Instead, they were undermined. The same could be done today with AMC.

By eliminating the profit motive as the driving force, a publically owned corporation, governed by representatives from the union, community, and government, could adapt to challenges in the interests of autoworkers, consumers and the nation. New technology could be used to shorten the work week, ease the workload and increase living standards. Public ownership of a basic industry would be one step in the direction of being able to plan economic development of the entire economy for the good of all working people, which, in the long term, is the only way to guarantee their economic wellbeing.

Plans for new plant construction, location, and modernization could be made so as to minimize dislocation of autoworkers and communities. Prices for cars could become affordable to



millions of potential buyers who now will not pay the outrageous prices for today's cars and trucks. Conversion of old plants could be considered in a new light. Affirmative action plans, needed to guarantee economic justice and equality, could be worked out for every plant, department and classification. Waste and astronomical salaries could be scaled down dramatically. Finally, public takeover of any of the Big 4 could eliminate a powerful economic base of Reaganite reaction. That would breathe new democratic life into the country and strengthen the struggle against Reaganism.

Another key demand is for restrictions on the export of capital. Such a demand rests on a simple economic fact—U.S. autoworkers created, in the course of decades, the lion's share of corporate profits. Elementary justice demands that this lion's share be reinvested domestically. For example, auto companies based in the U.S. ought to be required to invest \$5 in domestic operations for every dollar invested abroad and no investments should be permitted in countries ruled by Right-wing, anti-union governments. Extra taxes should be levied on superprofits from investments abroad.

Retraining is another demand that will force its way to the top of the autoworkers' agenda. It takes on an added significance in view of the scientific-technological revolution. Without retraining, many workers phased out in the older plants will find themselves permanently unemployed.

Affirmative action programs in hiring, upgrading, retraining and layoffs should figure prominently. Indeed, it must be an integral part of the overall program of advance for autoworkers. Experience has shown it to be the most effective way to end discrimination against minority workers and women. It is also the heart and soul of working-class unity. Any idea that the struggle for higher living standards, job security and better working conditions can be won apart from those who have been hardest hit should be rejected.

Unemployment compensation from time of layoff to time of rehire is another critical demand. The average length of unemployment for

autoworkers, according to a UAW survey, is 66 weeks; 79 weeks for women workers and workers with less than 5 years seniority. That means that many unemployed autoworkers exhaust their benefits before they are recalled to work.

A final demand is for a new approach to international trade union cooperation and joint action. At the heart of such an approach must be a struggle to end the wage and benefit gap between autoworkers around the world. Without progress along these lines the pressure will always exist from threats to move production to low wage countries.

In addition, an auto trade union commission should be established with the power to regulate the movement of capital and trade in the industry.

To win these demands requires an approach like that of the early days of the UAW. Militant tactics, unity of the different sections of the autoworkers at home and worldwide, organizing the unorganized, industrywide bargaining with one agreement covering all workers, democratic unionism, a coalition of Left and Center forces, rejection of anything that weakens unity, particularly racism and anti-Communism, and independent political action are still sound general guidelines for today's struggles.

Two immediate steps are: to unify all autoworkers and their allies behind the Chrysler workers who are fighting for contractual improvements in the current auto talks, and to hand the Reaganites, whatever their party affiliation, a decisive defeat in the 1986 elections.

Finally, an autoworkers' program requires peace and detente. Friendly relations between countries with different social systems would not only allow the world to live without the threat of nuclear war, but would create better economic conditions at home and open up markets in the socialist and developing countries for autos and related products.

In these struggles the Communist Party, as a party of the working class, will continue to fight vigorously for class unity and solutions to the auto crisis that come at the expense of the auto corporations. □



# The UAW at 50

## Lessons of the Early Years

John Talmadge

In this, the 50th anniversary year of the United Auto Workers (UAW) and the Congress of Industrial Organizations (CIO), auto workers and American workers generally are faced with challenges as great as at any time since the founding of these organizations. The unionized sector of the workforce has been declining for 30 years and reached a new low of 17.9 per cent in 1982. Related to this, organized labor has suffered the loss of jobs due to the shrinking of smokestack industries, the flight of capital abroad, the introduction of new technologies, and foreign outsourcing. Since 1974 labor has lost over half its representation elections and three out of four decertification elections. At the bargaining table, unions have been giving back—wages, benefits, holidays and workrules. The challenge for workers today is to reverse this retreat before it becomes a rout.

As workers seek ways of meeting this challenge, there is no greater source of lessons and inspiration than the struggles of workers in the mass production industries to achieve industrial unions in the 1930s. The struggles of the 1930s occurred on a broad front from the auto, rubber and steel shops of the Midwest to the garment shops and warehouses of the Lower East Side of New York City, from the electrical and machine shops of New England to the canneries, docks and ports of California. This article focuses on the auto industry. The lessons here are similar to those elsewhere, and sometimes appear in especially sharp focus because of the clearly rank-and-file nature of the struggle. Moreover, the battles in auto, particularly the General Motors Sitdown Strike of 1936-37, were pivotal to the success of all the industrial struggles of the late 1930s.

The successes of CIO organization depended on the convergence of many factors.

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Three of them are particularly deserving of attention. First, there was the bankruptcy of the ideology and organizational forms then prevailing in the labor movement and the spread of new ideas and organizational forms that better served the needs of industrial workers. Second, there was the emergence of a class-conscious trend among the auto workers, a Left that was centered around but not confined to the Communist Party. Third, was the development of a working alliance between this Left and the Center.

### *The Auto Industry Comes of Age*

In the first 25 years of this century, the auto industry developed from a minor adjunct of the carriage industry into the leading manufacturing industry of the country. In 1900 the auto industry produced a few thousand cars and employed a few thousand workers, but by 1925 the industry was turning out over 4 million cars a year and employed over 425,000 workers. The industry employed a variety of skilled trades—machinists, tool and die makers, upholsterers, woodworkers, trimmers, painters, sheet metal workers, etc.—as well as semiskilled and unskilled workers who ran the assembly lines, foundries and loading docks. As late as 1932, only a handful of the workers in the industry belonged to a union, and virtually none enjoyed the protection of a collective bargaining agreement.

Working in the auto industry before the UAW meant long hours under unhealthy and sometimes dangerous conditions, trying to live on subsistence wages. It meant frequent layoffs. It meant being driven by ruthless foremen and relentless speedup of the assembly line. It often meant being paid by piecework under confusing and arbitrary incentive systems, not being paid extra for overtime, weekend, holiday or shift work, and not being paid at all for dead



time (when the line was not running) or sick time. It meant having to endure the arbitrary and capricious rule of bosses who hired, fired, transferred, disciplined, fined and harassed workers at will. It also meant constant wariness of company spies and informers, who operated on the job and off to ferret out radicals, unionists and "troublemakers." It meant, in short, living and working under a corporate despotism.

In spite of their growing numbers and unquestionably harsh working conditions, the auto workers remained largely unorganized throughout the 1920s and early 1930s. The big auto companies, led by General Motors and Ford, were militantly open shop employers. The opposition of the employers, however, was as strong in the mid-1930s, when the autoworkers became organized, as it was earlier.

A contributing reason for the failure to organize auto workers in the 1920s was the dominant ideology of the AFL leaders, which did not address the needs of autoworkers or other industrial workers. According to the ideology of business unionism, the unions constituted a business like any other, except that their product to be sold at the best price one could get was labor. Like any businessmen, business unionists found they could get the best price for a scarce commodity which was in great demand, in this case skilled labor. To their mind, unskilled labor was too plentiful to bother organizing. Also, like other businessmen, business unionists accepted capitalism, respected private property and contracts, and avoided radical politics. The organizational forms and tactics of the AFL followed this ideology. Except for unions in the garment industry and mining, workers were organized into craft unions, according to their skills. Insofar as possible, they avoided strikes and other militant tactics.

It became more and more obvious in the 1920s and early 1930s that the ideology of business unionism was simply unsuited to the needs of industrial workers. As the industrial sector of the workforce grew apace in the 1920s, the AFL unions not only failed to organize them, or even to hold onto members against the open shop drives of the employers.

### *Early Efforts to Organize*

In auto, the AFL and its component unions made little effort to organize before 1933. To be fair, there was a feeble effort 1927, when the AFL sent a representative to meet with some auto employers to try to persuade them that permitting the AFL to organize their shops might prevent a radical union from coming in. Not surprisingly, this effort came to nothing.

If the labor organizations with the resources lacked the will to organize industrial workers, those with the will lacked sufficient resources. Those with the will were on the Left. Before World War I, the Industrial Workers of the World (IWW) made the first efforts to organize auto workers into industrial unions. During and immediately after World War I, the Socialist-led United Automobile, Aircraft and Vehicle Workers of America (UAAVA) continued the effort. The AFL expelled this union in 1918 when it refused to give up its intention of organizing auto workers on an industrial basis. Though the UAAVA recruited as many as 45,000 autoworkers, it was unable to withstand the effects of the recession and the employers' open shop drive of the early 1920s, and its membership fell precipitously.

In the mid-1920s, a group of young Communists, led by Phil Raymond and John Schmies, became active in the union, then known as the Auto Workers Union (AWU). As leaders of the AWU, the Communists were on the cutting edge of the struggle for an industrial union in the auto industry for nearly a decade.

The Left was unable to organize the auto industry on its own. The IWW could not do it alone. The Socialist-led UAAVA could not do it alone. And the Communists could not do it alone. This is not a criticism of the Left; before 1933 there were few forces within the established labor movement with whom the Left could unite to pursue the goal of industrial unionism. Indeed, under Communist leadership, the AWU made several appeals for joint action to the AFL and each time was rebuffed. Nevertheless, only when a Center force emerged within the AFL and a working alliance was formed with the Left was the goal of indus-



trial unionism achieved in auto and other mass production industries.

A second conclusion that flows from the experience of auto union organization before 1935 is that the Left's role was indispensable. It is not simply that it guarded the flame of industrial unionism passed on by the IWW, though to be sure it did that. There was something more important than this. First, the Left educated a generation of auto workers in the key industrial centers in the spirit and substance of militant industrial unionism. Second, the Left built a cadre of class conscious workers, workers who became Communists or worked closely with the Party, who understood the nature of capitalism, and who devoted their lives to the struggle for socialism and to improve the immediate lot of the working class.

One way in which the Left accomplished these things was through a widely circulated union newspaper, the *Auto Workers' News* and through a variety of Communist shop papers with such names as *Ford Worker*, *Red Motor*, and *Sparkplug*. These papers not only provided workers an outlet for their grievances, but they also fostered a sense of class consciousness by informing workers of the conditions and struggles going on in other shops. The papers described such pervasive problems as wage cuts, speedup, layoffs, unhealthy and dangerous working conditions, unfair work rules and tyrannical foremen. They also described the special discrimination faced by women, young and Black workers. They paid special attention to the outrage that workers expressed over these conditions and to the often spontaneous struggles against them.

In his autobiography, *An Auto Worker's Journal*, Frank Marquart, an auto worker in the late 1920s and 1930s, recalled that these papers spoke to the workers "about the experiences that impinged on their nerves, muscles and brains." Marquart also said, "I can credit those papers for making me conscious of the fact that Negroes have special problems as a minority group, apart from the general conditions of wage workers."

The Left also won workers to the idea of a

struggle for industrial unionism by using a variety of other organizational tactics. They held shopgate meetings. They worked with the ethnic, fraternal and benevolent societies and their foreign language newspapers. They also organized shop floor protests and came to the aid of spontaneous departmental and shop strikes that occasionally erupted. Marquart recalled that he and his fellow workers attended many meetings of the Auto Workers Union and that there "I first became introduced to radicalism" and "I was promptly converted to industrial unionism." Marquart was but one of thousands of auto workers who was influenced by the Left in the late 1920s and early 1930s and who in the mid-1930s joined the struggle for the UAW.

The activity of Communists also created a group of class conscious auto workers, in or close to the Party, who later played a leadership role in the struggles that established the UAW. The Communists had very few members in the auto industry at the beginning of the 1920s. By dint of hard work and a policy of industrial concentration (by which the auto industry and certain shops within the industry became focal points of Party work) the Party obtained 400 members in the industry within a decade and established clubs in the most important automobile plants in Detroit and other auto centers. According to many observers at the time, between three and ten times as many workers actively sympathized with the Party's aims and activities.

In the 1920s and early 1930s, these Communist autoworkers studied Marxism-Leninism and the past struggles of American workers, such as the lessons of the Great Steel Strike led by William Z. Foster in 1919. They gained first hand experience in combatting the oppressive conditions under which auto workers labored and lived. Most importantly, they gained first hand experience in agitation, recruitment, organization and collective struggle.

### *On the Threshold of Unionization*

With the coming of the Great Depression, but before the major class confrontations that were to establish the UAW, Communists orga-



nized and led the most important struggles to have occurred in the auto industry to that time. These struggles included demonstrations of the unemployed to demand jobs, relief and unemployment insurance. Thousands of workers participated in such demonstrations as the Unemployment Day demonstrations on March 6, 1930, and the Ford Hunger March on March 7, 1932. The latter demonstration ended in what became known as the Ford Massacre, in which Ford Servicemen and Dearborn police opened fire on unarmed demonstrators, wounding 60 and killing 4, including Joe York, the 19-year-old organizer for the Young Communist League. Some notion of the influence of the few hundred Detroit Communists can be gleaned from the aftermath of this incident. Some 20,000 people participated in a combination funeral and protest march down Woodward Avenue through the center of Detroit. A writer for the *Nation* said:

Witnessed by several thousand spectators, the procession came slowly toward Grand Circus Park, the band in front playing the "Internationale," a massed square of workers carrying a huge red banner with the slogan in white letters, "Smash the Ford-Murphy Police Terror." The funeral cortege of a score of automobiles came next, and after it, as far as I could see up Woodward Avenue, workers in mass formation, carrying banners.

Besides this massive outpouring of indignation, the unemployed struggles also included many smaller affairs, in which the Communist-organized Unemployed Councils fought against evictions and for greater relief for unemployed workers and their families.

These struggles also included the most important strike by auto workers in the pre-UAW period, namely the Briggs Strike of 1933. This strike began in January 1933, when the Communist-led Auto Workers Union organized a strike of 500 workers against a wage cut in one of the shops of the Briggs Manufacturing Company, a major supplier of auto bodies to Ford and other auto companies. After three days of mass picketing, Briggs rescinded the wage cut. This victory triggered strikes of nearly 10,000 workers at

Briggs' other shops and at Murray Body, Detroit Motor Products and Hudson.

Though this series of strikes ended in a couple of weeks without any formal agreement, it was nonetheless a victory of sorts. It was the first mass strike by auto workers in nearly a decade and a half. It showed that even in the depths of the Depression, workers were willing to struggle. And, as one contemporary noted, "The series of strikes brought the orgy of wage cutting by the auto barons to an instant and complete stop."

Many of the activists who played key roles in building the UAW acquired their ideas and experience in the Unemployed Councils and the Auto Workers Union in the late 1920s and early 1930s, in struggles for unemployment compensation and in the Briggs Strike. Among the early UAW activists who came from such a background were Wyndham Mortimer, Bob Travis, Nat Ganley, Bud Simons, Joe Devitt, Walter Moore, John Anderson, John Mack and Bill McKie.

The struggles of the unemployed and the strikes of auto workers in 1933 were extremely important in terms of exposing the inadequacy of the AFL craft-union policy, educating workers and training class conscious leaders. But these struggles were unable to consolidate victories. No permanent union of auto workers emerged from them. Nor did these struggles lead to a broader struggle across the industry. They were not based on a sufficiently broad coalition of forces to achieve a permanent victory. They were not based on a coalition of Left and Center forces. For example, in the Briggs Strike, Right-wing forces eventually seized control of the strike leadership and barred Communists from participation.

In 1933, several months after the Briggs Strike, two events occurred that helped to lay the basis for a Left-Centrist coalition and to improve the prospects for industrial unionism in auto and other industries. First was the enactment of President Franklin D. Roosevelt's New Deal legislation, including the National Industrial Recovery Act (NIRA). The NIRA was largely a pro-business piece of legislation and



the Left was highly critical of it. Nevertheless, Section 7A of the law declared that "employees have the right to organize and bargain collectively through representatives of their own choosing." By seeming to signal a more positive attitude toward unions on the part of the government, the law provided encouragement to Center forces in the AFL—notably John L. Lewis of the United Mine Workers and Sidney Hillman of the Amalgamated Clothing Workers—who wanted to see more aggressive organizing on an industrial basis.

The second event, closely related to the first, was the announcement by the AFL, after pressure from Lewis and Hillman, of organizing drives in basic industry, including auto. The commitment of President William Green and the old-line craft unionists of the AFL to the organization of industrial workers was almost nonexistent. Nevertheless, the announcement of the intention to organize and the assignment of an organizer to auto provided encouragement to Center forces, particularly at the local level, and thousands of workers in auto, steel, electrical and other industries rushed to join the AFL in late 1933.

These two events a new situation. The Left was no longer a voice in the wilderness calling for organizing workers into industrial unions. With the AFL and soon several independent unions operating in the auto industry, the tactical situation became more complicated.

On the one hand, the Left continued to oppose Right forces in the AFL who gave lip service to organization but in practice did everything to sabotage it. In auto, the main AFL organizer, William Collins, represented such a force. He opposed the idea of industrial unions and instead organized workers into temporary units called federal labor unions. He resisted giving the rank-and-file a voice in organizing and insisted that the auto workers should avoid militant action and should rely on the federal government.

On the other hand, the Left had to try to unite with all those forces who were pursuing real organizing efforts. This included not only Lewis at the national level but rank-and-filers at

the local level who were organizing federal labor unions and such independent unions as the Mechanics Educational Society of America (MESA).

Naturally, the new situation called for new tactics. In the earlier period the AWU and the *Auto Workers' News* had been practically the sole voices for unionism in the auto industry. Their example and influence had fostered the emergence of a widespread desire to organize among the workers and a conviction that organization was actually achievable. Once new trade union forces had developed with which the Left could work, separate Left-wing unions became not only unnecessary but an impediment. By the end of 1934, the Communists urged AWU members and supporters to join the AFL federal unions. The AWU, its pioneering role fulfilled, took its honored place in history.

The Communists continued to criticize specific instances where AFL leaders tried to thwart rank-and-file initiatives and avoid militant tactics and struggles. But they also advanced a program and worked with commitment to organize the auto workers within the AFL framework—an industrial union of all auto workers, an international union controlled by the rank-and-file, and aggressive, militant struggle with the employers instead of reliance on the mediation efforts of the government. The Communists made their most effective criticism of the AFL through action—by building some of the strongest and most successful local unions in auto. These included the union at White Motors in Cleveland led by Wyndham Mortimer and the union in Toledo Chevrolet led by Bob Travis. It also included a strong unit of Detroit tool and diemakers in MESA led by John Anderson and John Mack. It is important to emphasize that such developments in auto were part of similar developments occurring in the electrical, steel and maritime industries and elsewhere, and that all of these were mutually reinforcing.

Besides building locals in which they directly provided leadership, the Left led the way in uniting the various federal labor unions to demand a national union for auto workers. Wynd-



ham Mortimer and a group of Cleveland federal labor unions that he led spearheaded this effort. They published the first national newspaper for auto workers. They made an alliance with John L. Lewis, who also favored industrial unions and aggressive organizing, and they led a series of national rank-and-file conferences that forced William Green and the AFL to grant an international charter to auto workers in 1935.

### ***On to Flint!***

A year later, when the United Automobile Workers (UAW) gained autonomy, it adopted the entire program advanced by the Left—an industrial union, provisions for rank-and-file control, a program of militant struggle against the auto barons. The union selected Mortimer as vice-president and chose him to lead the organizational drive against General Motors.

The drive to organize General Motors culminated in the Flint sitdown strike of 1936-37. This strike was not only the turning point in the drive to organize the auto industry, but it was the turning point in the entire drive in basic industry by the CIO. The strike contains some of the most important lessons to come out of the industrial union struggles of the 1930s. It demonstrated in a concrete way the importance of Communist and class conscious leaders and the importance of Left-Center unity.

The importance of class conscious workers in this struggle was nowhere more obvious than in its preparations. It was mainly Mortimer and other Communist and class conscious workers, such as Bob Travis, Henry Kraus, Bud Simons, Walter Moore and Charles Killinger, who laid the basis for the struggle. These men brought qualities that were indispensable to the task at hand. First was a selfless and complete dedication to the cause of the workers. They worked tirelessly to recruit workers, not because they were paid to organize, but because they believed in it.

Second was courage. They undertook this organizing effort in the heart of the General Motors empire, inside its shops and in a town every bit as much a company town as an isolated mining hamlet. They withstood the threats, in-

timidation and spying of local police, company agents and vigilantes like the Klan.

Third was revolutionary optimism. They represented a union that had organized only five per cent of the industry, had little money and comparatively weak support in the community. They faced General Motors, the largest industrial corporation in the world, which had vast influence on a national scale, and which was willing to spend nearly a million dollars in less than two years on agents and arms to keep the union out. Yet these class-conscious workers believed that the organization of industrial workers was on the historical agenda and they were able to spread this profound confidence to others.

Closely related to the leading role of class-conscious workers was willingness of the workers and their leaders to use bold and aggressive tactics. The most notable of these was, of course, the sitdown tactic itself. Through this tactic a few thousand workers were able to seize key shops, such as Flint Fisher Body, at the end of 1936 and hold them for 44 days, thus almost completely paralyzing the entire General Motors operation. Among other things, the tactic prevented the use of strikebreakers and the transfer of work to other plants.

The strikers used other tactics that were equally bold. They defied injunctions. They used mass picketing. They developed flying squadrons. They used special demonstrations, like a children's picket line, and special cultural events outside the struck plants to convey their message to the public and to bolster morale. They defended themselves from an attempt by the Flint police to evict them. After several weeks of the sitdown, when General Motors attempted to break the morale of the strikers by opening a few shops, the strikers turned the tables by organizing a secret, complicated and successful maneuver to outwit the company police and takeover the Chevrolet No. 4 plant in Flint.

Another concrete lesson of the Flint sitdown victory was the importance of forging unity. This unity included unity between the Left rank-and-file leaders of the strike and the



leaders of the CIO. It was symbolized by the close cooperation during the strike of Mortimer and John L. Lewis. It was not based on any kind of formal agreement, but rather on tacit understandings, shared short-term goals and personal trust and respect. Such Left-Center unity was not just at the top. It ran throughout the strike organization.

The Left-Center unity provided the framework for the broadest possible labor unity and labor-community unity, both of which played a crucial role in the strike victory. The sitdown strike became a focal point for the UAW and the whole CIO organizing drive. At various times in the strike caravans of auto workers from Detroit, Toledo and Milwaukee came to Flint, as did rubber workers from Ohio. CIO leaders and liberal supporters of the strike came from all over the country. Within the ranks of the workers in Flint, the broadest possible unity was achieved. Strike leaders made special efforts to recruit the Black members in Flint and to gain the support of Black community leaders.

Margaret Anderson, Dorothy Kraus and Genora Johnson assured that the women outside the plant supported the sitdowners by organizing the mothers, wives and sisters of strikers into the Women's Auxiliary and the Emergency Brigade. The Women's Auxiliary, among other things, reached out for support to the small business people of Flint and to the farmers in the surrounding area. Even the restraint exercised by the New Deal governor of Michigan, Frank Murphy, and his determination to see the strike through to a peaceful settlement, was part of the broad unity which made the sitdown victory possible.

All of these essential elements of the victory over GM at Flint were worked out with the close participation of the Communist Party organization, which was headed in Michigan by veteran Communist leader William Weinstone.

The UAW triumph over General Motors was a major breakthrough in the CIO's campaign for industrial unionism. In March, after a sitdown strike, Chrysler settled with the UAW. Hudson, Packard, Studebaker, Briggs, Murray Body, Motor Products and other automobile

and auto parts manufacturers soon agreed to contracts. By October of 1937 the UAW had 400,000 members, and only Ford, of the major producers, remained without a union. It took four more years of organizing and a major strike to force Ford to come to terms in 1941.

The UAW victory at Flint had ramifications up and down the line for industrial unionism. It was a pattern-setting settlement in a wave of organizing victories which followed. Rank-and-file organizing initiatives snowballed. Most notable among the successes which followed on its heels was the agreement by U.S. Steel to sign a contract with the Steelworkers Organizing Committee in the spring of 1937. Big Steel had been a symbol of opposition to union organization for decades.

### *The Cold War Halts the Advance*

No sooner was the GM sitdown strike over than a Rightwing counterattack began. This attack was directed at the very elements that made for the success of the strike: the prominence of Communists and other class conscious workers, the unity of the Left and Center, the use of aggressive tactics, broad unity of the workers themselves and of the workers with other segments of the community. The attack came not only from the corporations and traditional Right-wing elements in the Republican Party, but also from the House Committee on Un-American Activities, from conservatives like Matthew Woll and John P. Frey in the AFL, and elements in the UAW led by the president, Homer Martin.

As long as there was forward movement on the part of the workers and the CIO to consolidate their gains and continue organizing, the Left and Center coalition in the UAW remained intact was able to blunt the Right-wing offensive. After a bitter and divisive struggle, for example, the Left-Center coalition in the UAW defeated Martin and his supporters and elected the Centrist, R.J. Thomas, as UAW president. Nevertheless, in the period before World War II, the Right made some headway, including outlawing the sitdown strike.

During World War II, the drive to defeat



fascism necessarily took priority and provided the framework within which the drive to organize the unorganized and advance the immediate economic and political interests of the industrial workers took place. The UAW, like other newly formed industrial unions, accepted a war-time no-strike pledge, wage guidelines and the goal of increasing war production. The UAW and other industrial unions continued to grow during the war, especially through growth of employment in war industries.

More than anything else, the cold war unleashed by the United States and Great Britain after World War II was the watershed at which the great upsurge of the CIO was halted. Indeed, the desire to fetter or destroy the militant, democratic union movement which had grown into a significant power in American economic and political life was a factor in leading the ruling class to launch the cold war. It provided the Right, inside and outside of the unions, with the opportunity to destroy the elements which guaranteed the working-class advance of the 1930s and 40s. The cold war brought two decades of the most intense repression against the Left that has ever occurred in an advanced industrial country short of outright fascism.

The Taft-Hartley Act of 1947 outlawed mass picketing and secondary boycotts, two tactics of labor solidarity, and forced union officers to sign non-Communist affidavits, a move aimed at purging the Left, breaking up Left-Center unity and bringing the unions under effective government supervision. In the UAW, Walter Reuther obtained control and purged the Left. After this, he joined Phil Murray and James Carey to expel such progressive unions as the United Electrical Workers from the CIO. With this the CIO lost not only 20 per cent of its membership, but the spirit and determination which had made its advances possible. With the help of the government, corporations and press, the UAW, IUE and other CIO and AFL unions raided the membership of the expelled unions.

The end result of the Right-wing ascendancy during the Cold War was that the Left was

largely driven from the labor movement, the Left-Center coalition was smashed, aggressive organizing tactics were outlawed and abandoned and the labor movement became isolated from other segments of the community, particularly the poor and oppressed minorities. The Right disarmed the labor movement of the very tactics and spirit that had brought it advance in the 1930s. During the 25 years that followed World War II, the policies of class collaboration and exclusion of Communists from leadership positions deprived the trade unions of the use of its most powerful weapons. The organizational and political power of the labor movement stagnated for lack of independent class struggle policies. When the comparatively prosperous post-war years gave way to the inflation, unemployment and protracted economic crisis of the 1970s and 1980s, the corporations and the Reagan Administration moved forcefully against the unions, the labor movement found itself faced with the need to radically shift its strategy and tactics to defend its very existence as well as to gear up for new advances.

In each period of class struggle, there are elements which are universal and other elements which are particular to the times. The lessons of the mass struggles of the 1930s remain valuable and useful today. Obviously, they must be adapted and extended to new conditions, to multinational corporations, huge diversified conglomerates and sophisticated technology. But this can not be done if the old lessons are not grasped. It should be obvious that these lessons can not be learned through the veil of anti-Communism.

For those not so blinded, some of the history of the struggle to organize the UAW is available in such works as Len DeCaux, *Labor Radical*; Wyndham Mortimer, *Organize*; Henry Kraus, *The Many and the Few*; William Weinstone, *The Great Sit-Down Strike*; Roger Keeran, *The Communist Party and the Auto Workers Unions*; Philip Bonosky, *Brother Bill McKie*. □



### 'A Soldier's Memoirs'

LEWIS M. MOROZE

*A Soldier's Story: Pages from the Story of My Life*, by David Dragunsky, Progress Publishers, Moscow, 1982, 296 pp., paperback, \$4.95. Available from Imported Publications, Chicago, IL.

This is the autobiography of David Dragunsky. He was born in the Jewish Pale of a small Russian village in 1910. In 1933 he joined the Soviet Army and has been a professional military man since.

About himself Colonel-General Dragunsky writes:

Now I am in my seventies. Behind me is a life abounding in various happy and sad events which, for that matter can be true of anybody's life. In my heart I cherish the memory of my native village. Thank you, dear Sviatsk and my paternal home. You brought me to the great highway and sent me out into life, having infused me with the love of country, having made me patriot and internationalist.

Dragunsky has twice been awarded the title of Hero of the Soviet Union, the highest Soviet military honor. At his birthplace there stands a bronze bust of this Soviet Jewish war hero. Recently, he received the further honor of the Order of People's Friendship for his 40 years of involvement in public affairs, peace efforts and work for international friendship.

And so his story is both ordinary and remarkable. During his lifetime, in his country, David Dragunsky and millions of others have lived through history's greatest adventure. Together, people of

humble beginnings have overthrown czarist despotism, torn up capitalism by its roots, pioneered the world's first socialist state, defeated Nazi invaders, survived boycotts, embargoes and cold wars and, in the space of two generations, wrenched their nation forward, culturally, scientifically and economically, a distance it could not have traversed in two centuries of "ordinary" development.

If Dragunsky is extraordinary, it is only in the degree to which he embodies traits which he shares with his countrymen. Through him, through this book, we absorb the modestly-told tale of a man who has lived through extraordinary times—and measured up to them.

In the preface to this autobiography, Soviet professor Samuel Zivs writes:

David Dragunsky was seven when the October Revolution ushered in great social change in Russia. It also wiped out the notorious Jewish Pale, that classic attribute of chauvinism and Tsarist discrimination. The road to the big life was opened for millions of young people, irrespective of property status and national background. This road opened, too, for young David Dragunsky. And he was swept up by the heroics of building a new society not seen in history before.

The Second World War greatly shaped his life. On the day of the Nazi invasion, June 22, 1941, Dragunsky commanded a Soviet tank battalion. He fought the fascists in Smolensk, Moscow, Kursk and

Krakow. He was seriously wounded more than once and hovered between life and death, each time stubbornly demanding to be returned to duty before his wounds healed. He participated in the liberation of Kiev, the Ukraine and Poland.

Hitler and his generals believed that under attack the many nationalities of the Soviet Union would split asunder and thereby open the road to occupation of the USSR. The tank brigade led by David Dragunsky, consisting of 25 ethnic groups was a microcosm of the composition of the Soviet armies. It exemplified the selflessness, courage, initiative and dedication of Soviet soldiers and citizens.

Deputy Minister of Defense of the USSR Vladimir Tolubko said,

The USSR appeared to Hitler to be a colossus with clay feet which would tumble at a single blow. These notions were shown to be fake by the cohesion of the Soviet people . . . This unity of purpose proved to be the decisive factor of our victory.

Confirmation of this assessment comes from an impeccably non-Communist source—General Douglas MacArthur. Stated MacArthur:

The hopes of civilization rest on the worthy banners of the courageous Red Army. During my lifetime, I have participated in a number of wars and have witnessed others as well as studying in great detail the campaigns of outstanding leaders of the past. In none have I observed such effective resistance to the heaviest blows of a hitherto undefeated enemy, followed by a smashing counterattack which is



driving the enemy back to his own land. The scale and grandeur of that effort mark it as the greatest military achievement in all history.

As a general, MacArthur could assess and admire the fighting spirit and skill of the Red Army, but he was incapable of fathoming the source of its inspiration and strength.

This was the socialist policy of fostering the development and equality of the many nationalities in the USSR and tightening the bonds of friendship among them. During the Great Patriotic War the cohesion, sacrifice, skill and heroism of the many peoples of the Soviet Union shocked the fascists.

Mikhail Gorbachev, General Secretary of the Communist Party of the Soviet Union, in commemorating the 40th anniversary of the defeat of the fascists in the Great Patriotic War, concluded that:

The roots of the victory are in the nature of socialism, the Soviet way of life, in the nationwide nature of the Great Patriotic War. As the greatest of trials, the war confirmed most vividly and clearly that exactly the popular masses are the decisive forces of history. Displaying mass heroism in battles and labor, Soviet people of different nationalities defended their socialist motherland.

The Socialist Revolution not only did away with the oppressive Jewish Pale and brought Jews onto the highroad of socialist life. It stood guard against racist, anti-Semitic fascism. Fully conscious of German anti-Semitic atrocities, the Soviet government transferred some two million Soviet Jews from the western regions, then under attack by the fascist hordes. The doors were opened for two million Polish Jews to flee into the Soviet Union. Among those whose life was thereby saved was the ultra-Zionist, Menachem Begin.

Many Soviet Jews who were transferred to Tashkent, in Central Asia, chose to remain and, today live in harmony with their Moslem neighbors, Sunni and Shiite, as well as with Christians. What a contrast to the situation in the Middle East, where Zionism, imperialism and capitalism foster ethnic rivalry and conflict!

Hundreds of thousands of Jews fought in the Soviet Army, alongside peoples of many other nationalities. Over 300 became generals. Two hundred thousand Jews fell on the battlefields. About the same number were decorated for valor. The record makes crystal clear that Soviet Jews, along with other citizens of the USSR, defended their Soviet homeland, in the army and in partisan units, against the fascist enemy.

Seventy two of the seventy four members of the Dragunsky family were killed in the war. Goebbels placed David Dragunsky and all his relatives on a list of "enemies of the Reich." In entering Sviatsk, the fascists executed 74 villagers, the first of whom was Abram Dragunsky, David's father. They then executed his sisters, nephews and nieces.

The neighbors managed to hide the General's mother. She was captured later, in 1942. On a bitter cold day she was taken to the village square, to which the villagers were driven to watch her execution.

"You Jewess," shouted the fascist executioner, "How many sons have you?"

"Millions—the children of all mothers are my children."

"Curse your sons, Jewess, and we will let you live."

"I bless my sons; I bless all the sons of Russia. I bless them in their fight against the despicable enemy."

A burst of gunfire cut short her life.

Today, a granite monument

rises on the spot where Rachel Dragunsky lay dead in the snow. The names of the villagers executed by the fascists are carved on its surface. Rachel's face looks out at those who come to lay flowers at the tomb of the innocent victims of fascism.

After the war, David Dragunsky considered a return to civilian life. He discussed the thought with friends that his military skills were no longer needed. They responded that it was "too early, much too early, to relax." How sadly true this evaluation has proved to be. How dangerous for all humanity that even today the government of the United States is striving to achieve the military victory over socialism that Hitler could not. Soon after, Dragunsky accepted the post as head of the Vys-trel Academy for officers.

David Dragunsky was to have represented the Soviet Union at the 1985 award dinner given by *Jewish Affairs*. Explaining their denial of a visa to this distinguished anti-fascist, Soviet patriot and internationalist, a State Department representative exclaimed, "Don't you know he's an anti-Zionist!"

Such is the mettle of the person and the country whom Reagan and his clique of exploiters and militarists can not abide. This is the story they do not dare let the American people hear. The struggle for peace is not behind us, and the struggle against anti-Sovietism in all its forms, including the canard of "Soviet anti-Semitism" is at the forefront of that effort.

Henry Winston, national chairman of the CPUSA, said, of World War II, "To learn the lessons of our great common struggle is vital in the struggle to save humankind from nuclear extinction."

This is the very message that Dragunsky conveys in his moving autobiography. □



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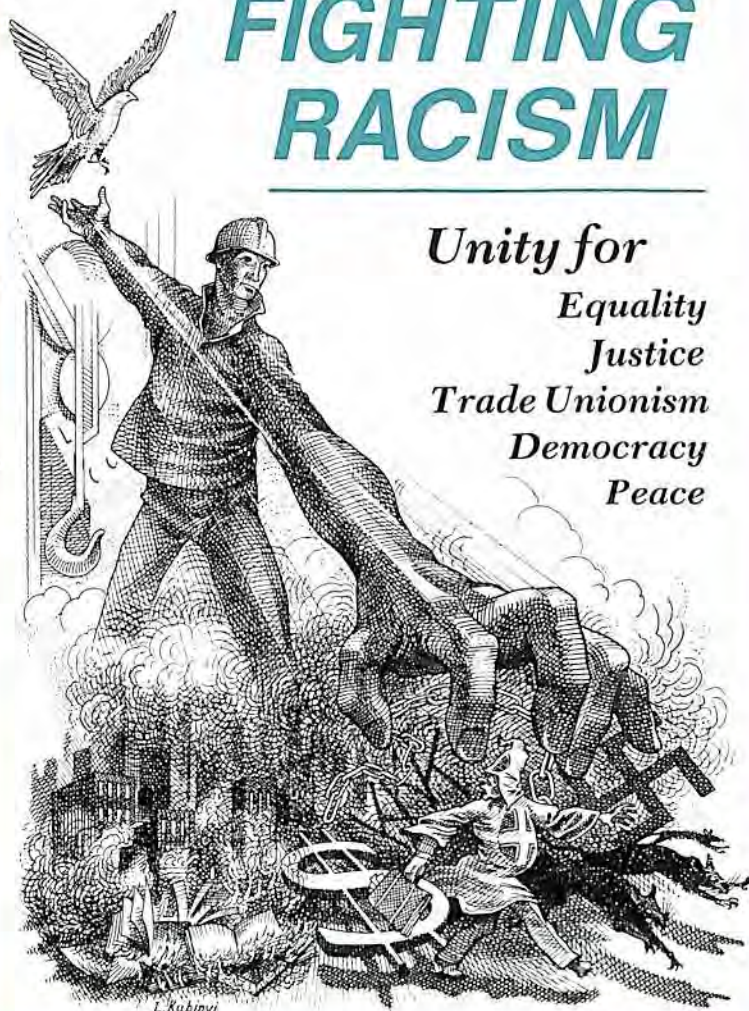
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