point a special executive to act as liaison man with the armed forces, with the commission of a colonel in the reserve. “What we have here, of course, is a consultative group which carries into peacetime the Combined Chiefs of Staff idea which is proving so successful in wartime.”

This, then, is the program, and a most realistic one, for American big business in the interval between World Wars II and III. For all his talk about avoiding war by preparing for it, Wilson is obviously calculating on a third world war in the not-so-distant future. In the timing of his proposals, Wilson also shows considerable realism: “I know, as you do, that the revolution against war not too long hence will be an almost insuperable obstacle for us to overcome in establishing a preparedness program, and for that reason I am convinced that we must begin now to set the machinery in motion...” Some such idea must be in the minds of the Congressional sponsors of the pending May bill for universal peacetime military service, which will shortly come before Congress. I am told that

The Coming Tragedy of American Labor

**Daniel Bell**

Economic organization and control over economic power are the fulcrum which make possible influence and power in all other fields... Whoever or whatever controls economic power directs and shapes the development for the group or nation.

SAMUEL GOMPERS

The postwar world of American labor is beginning to take on a nightmarish quality. On the one hand, labor sees business groups securely in control of the war economy; giant corporations, fat on war profits, emerging stronger than ever before; a groundswell of anti-labor sentiment whipped up by the press. On the other, it sees an Administration to which it is bound moving swiftly to the right; labor controls and regulation, established in wartime, holding over to bind the unions after the war; a deflated union membership, as expanded war industries contract.

All this falls into a meaningful pattern when projected against a larger canvas: the threat of State-controlled unions harnessed to the drives of American business in the scramble for world power.

History has repeated itself and given American capitalism a second chance, the chance it missed after World War I: to use its economic strength to win world hegemony. All industrial groups now realize that foreign trade is the key to America’s future: devastated areas can become an industrial market; undeveloped areas a capital market; colonial areas raw material sources—all the world’s riches and sweets spilling into the lap of America. But two conditions must be met at home before capitalism can strike out abroad. The first is a pliable labor movement, either bound by legislative restrictions or bribed by union-manage-

ment cooperation. The other is a defined idea of national interest and the emergence of a State, strong in foreign affairs, ready to protect vested interests. The first is the necessary handmaiden to the second.

Every giant national State today necessarily has moved towards an organized economy. Private world empires can no longer do battle without the mailed-fist backing of their political states. German industry in the Nazi state, as Guenter Reimann has pointed out, was compressed tightly into national monopolies in order to compete against the dominant world groups. Today that process is being repeated in Britain, where British industry, facing the spectre of American competition, is solidifying into State-backed national monopolies in its fight to regain or hold world markets. In its struggle against American exporters for the South American trade, the British have organized their exporters on a cartel basis. Within Britain, the industrialists have sought to make labor pliable by proposing a “deal”, with labor cast as the junior partner. Last year a specific proposal was made in the manifesto of 120 industrialists; the set-up was this: a corporative structure for British industry was outlined based on compulsory membership of all business in trade associations, with a national council at the peak to direct policies; labor was invited to join with the trade associations the “reward” being the acceptance of certain social security and education planks in the Labor Party program.

The Two Wings of Big Business

In the United States there is not the singleness of purpose or the homogeneity of interests that are apparent in the British economy. Two broad groups can be crudely differentiated. In the first camp are the men who think in world terms, of foreign markets and foreign investments, of a planned economy at home and cooperation with one or the other two great powers overseas. They are, in the main, “friendly” to labor, if labor will cooperate; they are willing to bear a relatively high labor cost, hoping to make it up through foreign exploitation. In this group are the men who have held the throttles of the war economy, the kind one will find represented in the National Planning Association or the type designated as the
“New Deal” businessmen. Roughly we can group here Wilson and Batt of WPB; Stettinius and Harriman of the State Department; Willkie; Lament of J. P. Morgan; Eric Johnston of the U. S. Chamber of Commerce. They want to work within the framework of an expanded “liberal” capitalist society.

The second group, numerically larger, is a strange melange clustered about anti-labor symbols: the isolationists with more provincial interests (“hemispheric imperialism” and to hell with Europe, etc.); the fearful small capitalists and marginal men, squeezed by monopoly and labor costs; the native fascists and die-hard feudal barons like Weir and Pew and Rand. It is this group that is largely behind the wave of anti-labor propaganda. The drive on labor is a necessary trick in uniting farmer, middle class and small businessman behind its program (as Mark Hanna in the 1896 campaign, used Bryan and the bogy of silver, to stampede the middle class and business behind Wall Street).

To some extent, the rest of industry supports the anti-labor drive, for it is a warning to labor to be tractable and a reminder to union leaders to be “responsible” in curbing the membership. Yet, elements of the first group fear that the drive has gone too far. At the recent convention of the National Association of Manufacturers, Charles E. Wilson of General Electric, executive vice-chairman of the War Production Board, openly attacked the Pew-Rand policy:

Many of us in the 1930’s feared that a left-wing reaction would draw labor so far away from the main body of American sentiment that the gap could not be closed without a disastrous struggle. I tell you frankly that I am deeply alarmed today over the possibility that a right-wing reaction may draw some sections of capital so far away from our traditions as to imperil the entire structure of American life as we know it.

It would be illusory, however, to hold that one group is pro-labor, the other anti-labor. The direction of their interests dictates different approaches, but the first group is as ready to use repressive tactics when necessary as the second. If foreign competition became too severe and if certain colonial areas began to compete in markets or other colonial areas to resist severe exploitation, then these industrialists would be forced to turn on home labor, as the German capitalists did, in their efforts to maintain the profit system.

... and Labor’s Two Wings

Just as there are two policy-groups in business, we have two wings in the labor movement. And it would be an easy dichotomy to line up CIO as an obverse of the first and the AFL of the second, creating a Pew-AFL vs Wilson-CIO outlook. Yet there are suggestive lines to this analysis, for both Wilson and CIO think in some Statist direction, in planning terms, with the CIO holding on to the dream of a “mixed-economy”, while Pew and AFL act along narrow, vested-interest lines, oblivious to the general considerations of the economy. This is not to say, of course, that there is a basic harmony of interest between the two. Actually in this war period, the AFL has been more militant regarding the War Labor Board than the CIO. It is meant to show the “primitive” economic thinking of both groups.

From the notion of direct economic self-interest, enunciated by Gompers, the AFL developed a fierce mother-bearing job-conscious psychology, seeking to protect the private job empires it had established. Thus, as Veblen aptly put it, describing the labor movement after the first world war, “the AFL became one of the vested interests, as ready as any other to do battle for its own margin of privilege and profit . . . the AFL is a business organization with a vested interest of its own; for keeping up prices and keeping down the supply, quite after the usual fashion by management, by other Vested Interests.”

However this is less invidious than it may appear on first reading. It is true that the narrow job interests and bureaucratic structure that emerged in the AFL shortened its social focus and prevented it from playing any leading role in the development of the thirties. But its basic “job struggle” practices, revolving around immediate conflicts on the job, have put it in a different position in these last years.

The AFL sanhedrin, old, stubborn and crafty, has long been suspicious of the Administration’s fatherly tenderness toward CIO. At the same time it has had little use for the “professors” and “social work crowd” that staffed the Administration’s labor agencies. These distrusts, combined with its traditional “job consciousness” against the “community consciousness” of CIO, has made the AFL more realistic about the War Labor Board and the Administration’s labor policies. The AFL hasn’t been taken in by the attractive idea that the WLB is good because labor has “equal status” with industry and government. With its focus on the protection of the individual member and the safeguarding of the union, the AFL has been more tough-minded and militant than CIO regarding the war agencies and their policies.

While on the economic level the AFL plays a shrewd and flexible role, politically and socially it is still wedded to the 19th century notions of protectionism, high-tariff and free enterprise. Events of the future, therefore, are likely to place a great strain on the AFL, for in the economic field, and necessarily carried over into politics, it will battle government encroachment on union rights and fight hard for its own wage structures. Yet it lacks a social philosophy and political vision to provide understanding of the social pulls that give rise to the new situations, and in the end, this tension may cause the Federation to snap, not organically, but politically, with the Browns, Dubin­skys, Tobins, and even Woll and Lewis undergoing a reorientation, while the Hutchesons and the Building Trades element are left with the reactionary hukus.

The CIO emerged as a reflex to the crisis of the early thirties. A number of unions, particularly the mine workers, had begun to think in Statist terms. The chaos of capitalism accelerated the trend towards cartelized economy which culminated in the New Deal stop-gap on the plateau of NRA, an attempt to attain an economic equilibrium through “government-coded industry” and “government-aided unionism.” The narrow social focus of the AFL hierarchy prevented any real expansion of the labor movement, but other leaders in the AFL, particularly John L.
Lewis, saw an opportunity and acted on it. At the same time the “New Deal” forces needed a strong labor movement, both as a stabilizing force in the economy and as a political ally for the anti-capitalist mood germinating within the early New Deal. The result was the creation, for the first time, of State-fostered unions.

The more thoughtful CIO leaders understood that at this stage the old-style “business unionism” was passé. Labor was gaining a measure of social power, and sought recognition of this fact. A social philosophy had to be evolved. Politically, this was easy, for the New Deal ideology was tailored to measure and ready at hand. In economics what emerged was the notion of “union-management” committees and the phrase “industrial democracy” as used by Golden and Ruttenberg in their book. It would be a mistake to confuse these concepts with the Gompers-Easley cooperation of the National Civic Federation, or the John-Mitchell-Mark Hanna messalliance which were attempts at softening the tough feudal-minded industrial barons while pledging labor docility; or to confuse this CIO doctrine with the labor-management plans of the 1920’s which were essentially, attempts at stabilization of sick industries. The Golden-Ruttenberg thinking is an extension of the rhetoric of the New Deal at its palmiest. It proposes industry councils, with labor sharing a voice in authority, as an indication of industrial democracy. It is accompanied politically by a demand for labor representation in government agencies.

The most dramatic expression of this philosophy came in the Murray steel plan, the Reuther auto plan and other CIO plans for copper, aluminum, etc., during a period when there was an imperative need for the economy to be geared to production. Here was labor showing what it could do when it had a voice. In the post-war period, however, where problems of demobilization and reconversion are paramount there is little possibility for a Murray or Reuther plan with any real “bite”, for the prime considerations here are financial, and any plans to spur production would implicitly have to propose far-reaching changes in the profit system, a stand that labor, unfortunately, is not prepared to take. Not prepared, because it has been bound politically to the Administration and cannot advance beyond FDR without a political break and because many of its experiences in the war have made it fearful of extensive government control. “You can’t bargain with the government,” is how Phil Murray put it.

But the fallacy of “union-management cooperation” lies not in its conception—there are important arguments in its favor—but in the political fact that the New Deal is dead and the perspectives for labor, necessarily, must shift. Any possible hope for real cooperation, where labor would have a voice in industry’s policies, depends upon a pro-labor administration that could curb the monopoly power of industry. But that hope is gone. The result for CIO is a political crisis. More than any other labor group it has maintained close working ties with the Administration. Its first important contract, the one with U. S. Steel, was a “political” contract. CIO is still tied to the Democratic Party and Sidney Hillman’s Political Action Committee aims at curbing third party movements and rolling up the vote for Roosevelt, at a time when Roosevelt has gone on record with the assertion that he will sign any anti-labor bill that comes to his desk.

The greatest resourcefulness—and at times irresponsibility—has been shown by John L. Lewis the most crafty and dangerously ambitious man of labor. The fact that Lewis is on “the outs” with the administration, combined with his own ideological flexibility has placed him in a position to win striking economic and psychological gains during the war while other unions have chafed and fretted under WLB regulations. Lewis has demonstrated in 1943 what streamlined Gompersism can accomplish. For it is a paradoxical fact that John L. Lewis today, stands closer to the ideas of Gompers than any other labor leader, and in his tactics has modernized the Gompers tactics and philosophy. “Lewis believes that men do as their economic interests tell them to do,” John Chamberlain has noted. Lewis’s swashbuckling defiance of government bureaus, his insistence on working out a contract through economic force is a reversion to the best Gompers manner.

The End of the Roosevelt Revolution

Apart from John L. Lewis, who has made up his mind in private, the entire labor movement is in a political dilemma. Neither the CIO approach nor the AFL approach is adequate, because of the great changes in Roosevelt’s policies. Yet they cannot draw the conclusion of the political logic, which means playing an independent role and beginning the formation of a national Labor Party. The AFL fears playing an active political role, while the CIO fears being independent of Roosevelt.

The evolution of the Roosevelt regime and its policies during war (the crucial test of any regime, as to where its fundamental allegiances lie) is an important lesson for a labor movement which believes it can tie itself completely to any of the present political parties. And in writing of Roosevelt and the Democratic Party, I am not thinking in terms of the Southern Democratic machine or the urban Catholic machines, but of the fundamental nature of such a regime.

The Roosevelt Revolution, in its origins and in the pressures of the early thirties had a marked anti-capitalist trend, in common with similar movements in other great capitalist States: Germany had turned National Socialist; France was going through political convulsions; Britain was undermining her traditional world role and shaping a neo-mercantilist economy in such moves as the Ottawa Conference and the Import Duties Act of 1932, which ended free trade.

In the United States, Roosevelt had welded together, first through external soldering, later through his genius for makeshift compromises, the restless labor groups, the discontented agrarian elements, the uneasy middle classes and small sections of the capitalist class. Yet his major moves were in the direction of a State capitalist society.

Roosevelt’s role as a political juggler is analogous to Louis Napoleon’s in the early days of his regime, of whom Marx wrote:

The contradictory tasks of the man explain the contradictions of his government, the confused groping hither and thither which seeks now to win, now to humiliate first one class and then another.
The introduction of the NRA was a first step towards a genuine corporative economy, but the political controls were, for the moment, outside the hands of the dominant business groups. The impromptu social ideology that enveloped the New Deal—the appeals to labor, the farmers and the middle class—formulated the incipient anti-capitalist trends. The introduction of the State as the “governor” of the economic motor, the use of State spending to grease the economic gears, was a step in the direction of subordinating industry to the political control of the State. (Incidentally the pragmatic origins of these methods is not to be found in John Maynard Keynes but in Hjalmar Schacht). But Roosevelt could never carry out the logic of his program because he lacked a full-bodied social movement of his own that could serve as a trustworthy bureaucracy in the administration of the State. He was forced, therefore, to act as a “broker” between various social groups.

Near the end of the second term, the Roosevelt regime had begun to make its peace with powerful industrial figures especially as the prospects of war shifted the crucial issues from the domestic scene to foreign policy. Important figures in the banking and industrial community began to line up with the administration as a pro-war policy began to be shaped. The war has completed the process of bringing back to power the forces of Big Business. In fighting an economic and technological war the men who dominate the economy necessarily had to be brought into the political controls of the economy.

Labor, thus, in its political and economic power, had to be subordinated to the total direction of the war. The result in the field of labor relations has been “government by edict.” The trade unions have been transformed into quasi-official agencies of the State, their organizational power and status dependent on a promise and performance of good behavior. The war has given labor great numerical strength, yet sapped it of its real strength.

Underlying this situation is a tremendous shift in the nature of trade unionism. Forty years ago the trade union was a fighting army facing the blunt and naked power of its corporate adversary. As it gradually gained a foothold in the industrial system it developed vested interests of its own, involving around a monopoly of job supply. From what might be termed “class-struggle unionism”, recognizing the role of economic power as dominant in a business civilization, it evolved into “business unionism” preoccupied with job control and industry stabilization. Unionism became a technical and specialized function with the leadership adapting itself primarily to bargaining and negotiating skills. With the New Deal there was inaugurated the phase of “social unionism” and “political unionism.” No longer was the political arena a place where labor pursued a mirage. Collective bargaining became the law of the land. With the creation of numerous government agencies dealing with labor or mediating between labor and industry, politics became the focal area of conflict. Labor and capital needed to depend less on pure economic strength than on political pressure and backing.

But labor failed to evaluate correctly some important factors. As long as the Administration was relatively favorable to labor, as long as “New Dealers” staffed the administrative agencies, all was well. But this situation was subject to change. The instruments used against industry could be turned against labor—this was dimly recognized by the labor leaders. But they failed to draw the conclusion that the next step must be a consolidation of labor strength in the political area, where decisions were now being made, to see that government should not be turned against labor. In the simple dichotomy of friends and enemies, Roosevelt was classified as a friend and the labor machine was tied to him. But what the labor leaders didn’t foresee was that the dialectics of war, the need for gearing the State machinery to war, would transform the Administration’s position.

The War Anti-Labor Board

The agency that reflects this change in the labor field, of course, the War Labor Board. Beginning simply as a body to adjust labor disputes, the War Labor Board has become an economic octopus, reaching into and dominating every area of labor relations and more important the vital questions of wage-fixing. From attempts to arbitrate the issues at hand in particular cases, the War Labor Board has evolved rigid formulas, based on “held-the-line” orders, which have become blanket procedures and which in actual practice have meant not only wage freezing but the creation of maximum wages along particular lines of skill.

The effects of the War Labor Board have been far-reaching. In many areas the traditional structure of collective bargaining has broken down. Settlements are no longer made between union and employer, but thrown immediately to the Board for decision. The result is that the union leader becomes a quasi-official person mediating between the government and the worker. His legitimate union functions are displayed and taken over by government; the day to day affairs of wages and hours, grievances and conditions of work—the reality of union life, revolving about the job—become a matter not of union strength but government graciousness.

As Selig Perlman well summarizes it:

When some Board takes over the union function, relegating the union leader to the mere role of petitioner and supplicant, it has it in its power to break him as a leader. It has the power to hamstring a union through a combination of remote control and delayed decision. The union leader, say, has placed his stakes with the Administration. The “Experts” enforcing the Administration’s policy veto wage increases. The burden placed thereby upon the union leader becomes well-nigh insupportable.

In its economic policies the WLB has been even more ruinous. While the large corporations reap huge profits and organized lobbies crack OPA price ceilings, labor has been the only group “held-in-line.” The Little Steel formula is applied mechanically without regard to existing realities. By shifting a case to the WLB the employer knows that the wage lid will be kept tight and thus he avoids paying the high wages he would normally have to in a tight labor market. More important for the post-war situation, the Little Steel formula has prevented a rise in the real trade union wage structure by barring any substantial rises in hourly pay. Where the “take-home” pay
of the worker is high it is usually due to overtime pay and bonuses. As the war contracts are cut back and hours level off, the ‘take-home’ pay drops considerably. If the trade unions cannot increase the basic hourly wage structure under favorable market conditions, would they be able to do so in a period of post-war deflation? That is why the WLB formula is so serious for labor’s post-war position.

In important details, largely unknown to the general public, WLB practices have weakened vital union principles. Thus the Board last year evolved a policy of regional wage rates, satisfying the pressures of reactionary employer interests, although the trade unions have worked for years to eliminate north and south and other regional differences. Many large corporations have plants scattered over different sections of the country, and have sought to transfer work to low-rate sections. This is particularly true in auto and aircraft and is one of the reasons Walter Reuther has led the fight for equalized national wage rates and against incentive pay, which tends to set up hundreds of different scales.

In the important matter of union security, union organization has been impeded not so much by the specious maintenance-of-membership clause evolved by the WLB, as by its use as a mechanical formula. Having given up the strike weapon, to speed war production, labor bargained for recognition of the union shop. (In the last war the open shop was a stipulated condition of the NWLB). In the early days of the war, the union shop had been granted (i.e. the Bethlehem case and the west coast shipyards by the National Defense Mediation Board). And the present War Labor Board has the power to grant a closed shop. (i.e. Testimony of W. H. Davis before the Smith Committee Investigating War Agencies). However, the WLB has held so rigidly to the maintenance-of-membership award, that, as in the wages situation, employers simply avoid union bargaining demands for a closed shop by throwing the case to the WLB knowing that no matter how strong the union is, the Board will grant only a maintenance-of-membership clause. Among some of the older A. F. of L. unions who sign contracts only on the basis of a closed shop, the WLB action has been nearly ruinous.

Often the maintenance-of-membership clause is used to club unions into “good behavior”. In the Brewster Aircraft plant, where the union was militant in opposing a union-busting management, the WLB threatened to revoke the award if the union didn’t back down. The maintenance-of-membership clause has been of little real benefit to the labor movement. A recent Bureau of Labor Statistics study has proven what one would expect: where the unions have been strong, the clause has been meaningless; where it has been weak, it is of little value.

The patterns laid down by the War Labor Board will have far-reaching consequences in future union-management negotiations. The awards and decisions of the Board will serve as precedents in subsequent mediations. There are many indications too, that the type of compulsory arbitration represented by the War Labor Board will be used in the post-war period as a means of curbing labor militancy. The Board has become too convenient and handy a weapon to be discarded so easily. As a statutory agency, its powers can be so defined by Congress as to restrict union activity severely. The current anti-labor propaganda drive is not aimed at “busting” the unions in the old sense—industry knows that the strong steel, auto, machinists unions cannot be broken without prolonged and bloody strife. The drive aims at blackening labor in the middle class and farm mind in order to adopt legislation that will impose some form of compulsory arbitration and various penalties for union activity.

**Labor and the Coming Monopoly State**

The last war ushered in a period of post-war labor militancy; railroad labor produced the radical Plumb Plan for government operation of the roads, the Denver convention of the AFL called for the nationalization of our basic natural resources. There are few of these signs today; there are many signs that if labor’s post-war economic position worsens, or an anti-labor drive gets fully under way the kinetic militancy latent in the labor movement will manifest itself. But this has always been a negative, defensive strength. In terms of positive thinking, we see the A. F. of L.—and Phil Murray too—paying lip service to “free enterprise.” Sections of CIO, through Walter Reuther’s plan, seek to resurrect the proposals of the late National Resources Planning Board and put them into effect through a tripartite Peace Production Board.

In the main, however, labor’s attitudes and reactions will be a reflex to and conditioned by the moods and tendencies of industry. And in that lies its coming tragedy. For it means that labor is tied to the expansionist schemes of American industry while intent only on maintaining wage rates and job and hour standards. In a period of prosperity this means acquiescence to these imperialistic schemes; only in periods of depression would the defense of immediate labor standards assume a progressive role with wider political connotations.

If the post-war economic situation proves economically favorable, it is probable that labor will renew its demands for a “voice” in industry councils or in the creation of industry planning boards. But this would bring only a lulling sense of security, for any post-war prosperity, under our economic set-up, will be based upon foreign exploitation or a buying boom that may bust. Union-management councils are no safeguard for labor, for in any crisis industry will be driven immediately to cut labor costs in order to maintain its profits. The most perfected system of labor-management cooperation existed in Republican Germany, where the idea of industry councils was written into the Weimar Constitution. Although a cartelized system sought to stabilize labor relations and labor costs, industry, in a crisis, subsidized a fascist movement to smash the trade unions and labor standards.

Over and beyond the wishes of any particular group of capital, the tides of the war and the logic of the economy are driving capitalism towards a State-regulated economy. Few businessmen want any sort of controls or intervention from “Washington”. Yet they themselves set the very machinery in motion by seeking the support of the State in foreign trade. This fact is recognized by one of the “New Deal” businessmen in government, William L. Batt, vice-chairman of the War Production Board and U. S. repre-
Said Batt in a recent speech:

Whatever may be one's conviction as to the part which government should play in business at home, it seems to me inevitable that the course of development of foreign trade must lean substantially on assistance from agencies of government. For the conduct of our business at home, we can make our own rules when and as we want, but we can't make the rules for other countries. Businessmen abroad, when they are trading with us, are likely to have the fullest possible assistance of their governments. It seems to me quite clear that unless American businessmen cooperate with and have the same support from their government, we shall be at a great disadvantage. That calls for the strongest possible organization in those agencies of the United States government which have to do with foreign trade, and a desire on the part of business to work with them.

Traders may dislike or resist the government Metals Reserve Corporation or the Petroleum Reserve Corporation, yet they are forced to rely upon them and eventually forced to seek control of these agencies. The result is that in these government corporations, the men at the helm are usually persons who have come from the great corporations. We see the rise, consequently, of administrative bureaucracies that are merged, de facto, with the large monopolies.

But foreign trade is no closed shell that exists apart from the economy as a whole. If America is to play a dominant role in world affairs, she must maintain that "permanent war economy" described by W. J. Oakes in the February POLITICS. Again, the shrewder business men have foreseen this trend. Speaking to the Army Ordnance Association (a private group composed of big steel manufacturers and Army officers), last month in New York City, Charles E. Wilson of WPB outlined a plan for a "continuing" war economy, with a close liaison established between government-army-industry. Wilson proposed that a number of government-owned plants be maintained by government after the war as experimental plants, that regular subsidies be established to keep arms and steel factories going, that industry select liaison men who would be given reserve ranks of colonel and that these serve as an industrial coordinating committee to work with the army procurement officers.

The establishment of such agencies as the Anglo-American Caribbean Commission, which plans for the West Indies area, or the Inter-American Development Commission, which directs capital investment in South America, are important steps in the direction of a State-backed economy.

This trend is given an inexorable turn by post-war military considerations. As a great power, America must secure strategic sea bases, vital air fields, control raw material supplies, establish basic metals and oil reserves. Thus we have the Saudi Arabian pipe-line scheme, financed by government and operated by Standard Oil; the raw materials stockpile scheme of Batt, WPB and the State Department, whereby the government would import vital minerals and metals for stockpile purposes, while shutting down and subsidizing mineral and metal sources at home. The machinery is set into motion thus, through a permanent war economy, of the merger of government and industry into a giant monopoly State.

Industry vaguely understands these trends and is groping for solutions which will allow it to retain as much of its "free enterprise" independence as it can. At the moment, it seeks to coordinate economic planning "from below", through such agencies as the Committee for Economic Development. In the long run, however, the economy can only be balanced by a central agency which can over-ride independent producers who seek to defend particular interests, even at the expense of the capitalist economy as a whole.

We seem to be entering a neo-mercantilist phase. Thus "internationally-minded" business groups must now organize the State to defend their penetration and domination of the world markets. The post-war perspective, as I see it, is that "economics" will rule over "politics", in the sense that the loci of power will reside more strongly than ever in the powerful industrial groups.

For labor, the threat to its social power and economic position will arise, actually, from the business groups who are integrating their power with the State. In a series of articles in Fortune, John Chamberlain began with the proposition that American labor faced the future as an independent movement in terms of a Statist or anti-Statist choice. But this is unreal. The choice as it is being made, is by the leading sections of American industry and the pulls of America's changed position in the world economy.

The great decisions of the future regarding the American economy will be determined in the political arena and in the tug-of-war for the State. As in the economic field, labor can only rely on its own strength for effective action by forming a labor party.

It is possible that the present party system will buckle in the near future. The many diverse elements that exist within each party cannot be gathered successfully within the folds of each tent. The realities of American politics have made the present party system a "culture lag." Crucial decisions are not made on the basis of party vote but on the strength of various functional groups throwing their weight around through Congressional lobbies. The organization of a Labor Party, growing out of the '44 elections would bring about the realistic alignment of the American scene. With labor committed to "free enterprise", this prospect, unfortunately, is unlikely.

Robert E. Sherwood, who is director of overseas operations of OWI, is rewriting "There Shall Be No Night" because, as it was done originally, it concerned Finland's struggle against Russia. It was said yesterday that the spirit of the play will be retained, but that the locale will be changed to Norway, presumably with Nazi Germany replacing Russia — N.Y. Times, May 1, 1943.

Presumably.

A distinguished Negro member of the "Black Cabinet" (whose function is to advise Washington on problems of color) was in session with a big official of the government during the days when the Japanese were beating back the British in Asia. That afternoon his colored office boy, unaware that he had a visitor, rushed in and shouted jubilantly, "Boss, we just took Singapore!"

—Langston Hughes in "Common Ground", Winter, 1944.