

The American **Socialist**

By the Editors:

**LABOR IN THE
COMING DECADE**

FEBRUARY 1959

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Upheaval in Latin America



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LETTERS TO THE EDITOR

Antidote to Chauvinism

It may come as a surprise to many ivory tower progressives that a significant number of otherwise liberal and forward-looking workers still believe that the Negro should be "kept in his place." There is little doubt that civil rights is an important part of the struggle for socialism. But as long as we limit ourselves by speaking only to those who already believe in civil rights, we will continue to accomplish little in this direction. The majority of the American people are basically chauvinistic. It is therefore essential that we learn to talk to prejudiced people. What may appear obvious to us, is really controversial. It is not a question of coming down to anyone's level. What we have to do is answer some very real questions that are in the minds of the American people, many of whom have never had a close relationship with a member of any racial minority.

I fully agree with almost everything our progressive and socialist organizations have to say on the subject of civil rights. We need strong civil rights legislation, the federal government should take over and run the Arkansas schools on an integrated basis. The Jimmie Wilson case was a national disgrace. We should prohibit any form of discrimination because of race, color or political creed, etc., etc. What person who calls himself a progressive would disagree? But—how long must we continue to talk to ourselves? Before we can win any widespread support for these very laudable aims, a very basic educational job must be done. If American socialists do not even attempt to do this—who will?

Basically the Negro people are physically the same as anyone else, except that their skin is a different color, and some may have slightly different facial characteristics or hair. They may also have different emotional or psychological attitudes because of the years of discrimination and oppression. A higher crime rate and lower living standards are due only to the poverty that has been forced on them by a lack of opportunity. When discrimination is completely eliminated, there is no doubt whatever that the physical characteristics will become the only difference and will have as much significance as the color of a person's hair or eyes.

The only way to convince the people is by initiating a real campaign on the scientific basis for equality. We must patiently explain *why* we are for integration. We should take steps to secure the widest distribution of pamphlets like Ruth Benedict's *Races of Mankind* and the AFL-CIO pamphlet *Discrimination Costs you Dough*. We must publish new pamphlets discussing the subject from every possible angle. No question should be considered too stupid

or naive to merit a serious answer. There are millions of sincere, intelligent American workers who believe that Negroes are intellectually inferior, treacherous, have an offensive odor, hate all white men, and are potential rapists. These beliefs are not the sole property of the lunatic fringe, but have actually infected a very significant proportion of the American people. The only antidote to this infection is education.

I have used the example of Negro oppression only because it is the most obvious, widespread, and vehement manifestation of chauvinism. Similar reasoning and approaches should be used in combatting anti-semitism, anti-Catholicism, as well as the oppression of other national minorities.

H. D. New York

On "Neo-Freudian" School

Although Stanton K. Tefft presented an accurate analysis of Gardner Murphy's thesis as expressed in his book *Human Potentialities* ["The Three Faces of Man," December 1958], I believe he erred in contrasting it to what he calls the "Neo-Freudian" school.

Murphy is primarily concerned with developing a psycho-social philosophy, while the "Dynamic-Cultural" school (rather than "Neo-Freudian," which is more clearly applicable to Reik and his followers) is interested in psycho-social concepts only insofar as they may be utilized in psycho-

analytic therapy. Erich Fromm stresses the influence of the total culture on the individual; Horney, individual variance within the culture; and Sullivan, cultural determination of interpersonal relationships—all viewing culture's role in respect to the individual, which must necessarily be the approach of the psychoanalyst.

This does not preclude the formulation of a more general socio-economic hypothesis based on psychological tenets, which, in fact, Fromm does present in *The Sane Society* (1955).

Moreover, it is questionable whether Dr. Horney may be called a Freudian in any sense after having written *New Ways in Psychoanalysis* (1938), which refutes all of Freud's basic theories (ego-id-superego, libido, Oedipus Complex, penis envy, etc.) except that of the influence of unconscious phenomena in manifest conscious behavior.

C. S. New York

Canadian Air

The air is a lot clearer up here than it is down there. No one (not even the Tory papers) has any use for United States foreign policy and John Foster Dulles, at whom there is a steady sniping. But United States economic dominance of Canada keeps the discontent on a verbal plane. As the United States dominates Canada, so East Canada holds an upper hand over West Canada, and the southern prairie provinces over the northern frontier. A hierarchy of exploitive relations, in brief.

A friend sent me some cash recently and asked me to subscribe to a periodical for him. Can't think of any better than yours. . . .

A. D., Sask., Canada

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Labor in the Coming Decade

ACCORDING to Secretary of Labor James P. Mitchell, the number of strikes in 1958 was the second lowest of any year since World War II. The man-days lost was also lower than in any other postwar year except 1957 and about the same as 1951 and 1954. Are we to conclude that the rash of strikes in the automobile industry, the more recent shutdowns of the airlines, and the long newspaper strike in New York are but the usual haul-and-maul of labor-management relations? Maybe so. Those of us who are in the business of watching trends have on more than one occasion discerned them when none were present. Then, all trends and predictions of trends in the social sphere are conditional: They will come through if other anticipated events take place.

These necessary reservations, and the fallibility of human foresight notwithstanding, there appears to be a definite hardening in the industrial relations sphere, or to use the dogmatic, archaic terminology of nineteenth-century Marxism, the class struggle is rising. The trend has not shown up in the statistics because no major strike battles have yet been joined. But two lines are sharply cutting across each other on the industrial graph—and they spell trouble ahead.

THE policy known as "Boulwarism"—after Lemuel Boulware, Vice President of General Electric—is gaining ground among industrialists. It is a tough policy, recreating, or at least, the preliminary stage of, the old welfare capitalism of the American Plan of the twenties modified to the current scene of strong labor unions and those remnants of the Wagner Act that survived with the Taft-Hartley law. As

against the Remington-Rand approach of the early thirties, "Boulwarism" goes through all the motions of negotiating with union representatives and signing contracts with them. But it calls for the company to formulate and present the economic package that it considers "fair," and then not to budge an inch but stick with it through thick and thin, come what may. This, of course, is to wise up the workers as to who is running the show, and to drive home the point that unions will no longer be permitted to breach "economic principles."



The second proposition of the strategy is equally telling: The company talks to its employees over the heads of the union officials, establishes direct lines of communication with them paralleling the formal machinery of the union contract, organizes its foremen into missionary anti-union troops, and marshals "public opinion" in the community behind the company positions. Its less publicized activities probably include the re-establishment of secret payrolls for a stable of stoolpigeons, informers, spies, and provocateurs.

"Boulwarism" when first promul-

gated several years ago seemed to be merely the strategy of a school of extremists in the corporation world. What is ominous about it today is that its general approach has been accepted by large numbers—possibly the key sections—of industrialists, and has been given a workout in the most important recent labor negotiations, particularly by the automobile manufacturers.

ON the other side are the unions headed by as complacent and "mature" a crowd of officials as ever graced the American labor movement. But these flashily accoutred and self-satisfied men are caught in a trap. Their professed claim to fame is that they, the practical, down-to-earth, bread-and-butter business unionists know how to "deliver." The membership for its part is bombarded ceaselessly with the twin propagandas of Washington and Madison Avenue. From the former, they are pounded to a pulp with the tidings that they are the happiest, free-est, highest-living people in the whole world. The latter is the headquarters for rolling out newer and slicker forms of the message that real living is to need and have the latest models of every gadget and breakfast food that the hucksters can devise.

Combine these two ingredients with union organizations of intrinsically enormous power facing an obdurate money oligarchy and you are heading for social conflict. For ten years, this has been avoided by a boom that has mitigated tensions and made the Perfect Circle or Kohler strikes the exception rather than the rule. Have we now entered a new period where even the phases of prosperity will include considerable armies of unemployed, depressed areas, and stagnation of certain industries and lines? If we have—and that is the appearance of things—then the recent and current spates of strikes are premonitory rumblings of stormier weather ahead.

If attitudes were hardening on the employer side of the table only because of the recession, it wouldn't be so serious. With the upturn, the mood would mellow. But the tough line was extending before the recession and has been gaining strength since. Our capitalists are not the buoyant and care-free class that they were in the days

of Harding and Coolidge. They are stronger than they ever were before. They are making more money. They run the works of the country as thoroughly as in the days of Grant and Cleveland. But they are worried. They aren't happy. They are up against dangers and threats from without whose very existence their fathers were scarcely aware of. And their suspicions and forebodings are taking on a touch of the neurasthenic.

CURRENTLY, they are working themselves up into a lather that they had better put labor in its place lest it get too unruly. Just rebuffed in the elections in their try to undercut the most conservatively led labor movement that they will ever know, they are already reorganizing for a new set-to with a tenacity and zeal worthy of a better cause. Says *Business Week* about the steel negotiations due this summer: "Will a steel strike start on July 1? . . . almost inescapably, yes." Chief Federal mediator Joseph F. Finnegan predicts a "rough year," and warns that strikes might take place in oil, electrical, steel, meat-packing, and longshore industries.

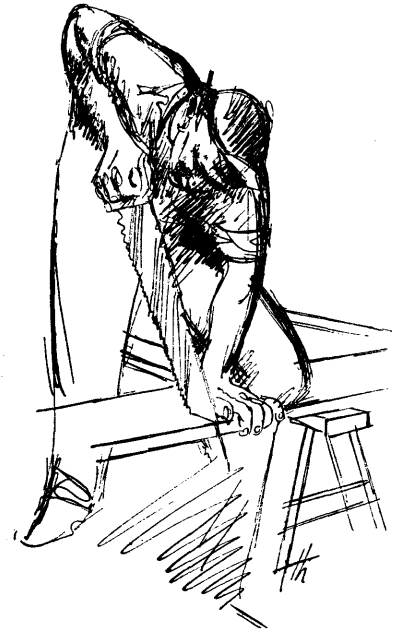
A. H. Raskin, labor reporter of the *New York Times*, alarmed by the many visible signs of truculence and aggression on the labor front, tries to plead with the adversaries: "Any effort by management to undermine unions or by unions to undermine management can lead to a form of class struggle that is senseless when the contenders on both sides are so firmly dedicated to the free enterprise system." A good point. We have to conclude that either business is led by imbeciles who do not understand their own interests, or that the liberal rhetoric of our times conceals an unresolved conflict smoldering in the depths of our society. The stiff-necked attitudes of the business leaders are stupid in one sense since they will provoke aggressiveness on labor's side and undermine the very conservatism that they wish to foster. But in another sense, their overdeveloped class instinct is not playing them false: They have a better grasp of the inner dynamism of the labor movement than the labor leaders and fear that one of these days it may transform its potential energy into kinetic energy.

The labor leaders were worried boys just a few months ago. But their mood shifted abruptly with the Democratic avalanche and the smashup of the right-to-work campaign in November. Satisfied that they have done alright with their philosophy of muddling through, they feel that in the infinite complexity of events, somehow, in some way, things will shape up reasonably well. "The trade union movement," announces the *AFL-CIO News*, "moves into 1959 in an optimistic mood, confident that it will be a year of progress. . . ." If 1959 is to be a year of progress—and the signs are not especially reassuring—it will not be because of the posture of the labor leaders. The unions are going into what may be a period of challenge and testing in a bedraggled state.

The Meany-Reuther cleanup campaign is in a blind alley and has left the labor movement in a state of latent crisis. They tried to remove the taint of racketeering and corruption by administrative fiat. And this led inescapably to the expulsion of the Teamsters and several lesser unions, and now may sever bonds with the Carpenters. Where is the process to stop? It's all right to declaim at labor banquets that only an infinitesimal minority of officials has been guilty of moral turpitude; the rest are as clean as a hound's tooth. The truth of the matter is that officials of a good many, if not the majority, of AFL unions have been and are involved in a variety of business transactions more or less akin to the collusive practices so righteously denounced. If the Executive Council is going to be consistent in the matter, it would probably have to expel three-quarters of the building trades unions and a wide variety of others. There has been a crack going around the union officialdom that Meany will wind up as president of the CIO.

SOME of our friends have thrown up their hands in exasperation at our attitude, saying, "You damn the labor leaders when they don't do anything about corruption, and you damn them when they do." Well, we are not damning the labor leaders. We are simply explaining how the Meany-Reuther combination, who stand for business unionism, run their own organizations as tight autocracies, and

generally pay themselves exorbitant salaries and emoluments for their services, could not inspire rank and file revolts to cleanse the compromised organizations from the bottom up. Being bureaucrats, they could only handle the problem in a bureaucratic way. And the bureaucratic way has not worked out very satisfactorily in this case.



The formal split that has taken place in the labor movement is not the most serious problem that has been created. Outsiders generally exaggerate the importance of the formal unity within American trade union federations. But in their factional frenzy to destroy their rival in the Teamsters who would not buckle or surrender, the AFL-CIO leaders have made use of dubious weapons, and have set dangerous precedents which may do great harm to the whole labor movement. Lacking the weapon of a new social appeal to the ranks, they have made a united front with a variety of questionable political figures most of whom are more interested in throttling labor than in cleansing it. It is one thing to support court action against James Hoffa in indictments for stealing union funds or extorting money from employers for personal use. It is a horse from a different stable to cheer on a pack of labor haters who want to get James Hoffa because he is trying to set up an alliance of transportation unions, or

because is he aggressive in trying to organize this or that group of workers.

Because of the labor leaders' myopia, we now have this situation: A federal judge appoints three lawyers (one of them a notorious witch-hunter and counsel for various business enterprises) as overlords or "monitors" of a union of 1½ million workers. (This was Hoffa's "brilliant" finesse.) By legal hocus pocus the judge then decides that the union's officers are messenger boys of his three appointees and have to carry out their orders or possibly go to jail. According to the December 11, 1958 *New York Times*, "The International Brotherhood of Teamsters and its president, James R. Hoffa, were told today that they must obey the orders of three court-appointed monitors. . . . Federal District Judge F. Dickinson Letts handed down a sweeping opinion. . . . He implied that Teamster officials must do what the monitors say or face contempt sentences. He implied that he could remove officers from their jobs. . . . Judge Letts ordered the union to cancel its plans for a convention next March . . . and to get the court's approval before they picked a date."

HERE we have as brazen an invasion of trade union rights as has occurred since Judge Wilkerson's sweeping injunction against the railroad shopmen, and there is not a word of protest, out of any AFL-CIO leader! To hell with the precedent if it sinks Hoffa. "Oh," people reply, "this is just a special case designed to clean out some hoodlums from this one particular tainted union. Otherwise, it would be opposed by the legitimate AFL-CIO officials." Yes? What guarantee have George Meany and Walter Reuther that once this precedent is established, it will not be used against another union tomorrow? There is an old saying that nits make lice. It's pretty dangerous business when a federal judge takes it on himself to run the internal affairs of a labor union. It's stinking business when labor officials condone such a judicial receivership with silence and therefore indirect approval.

As an aside: the gentlemen of the legal profession who are battling for clean unionism and the sanctity of morality naturally cannot be expected

to do it for nothing. Godfrey P. Schmidt, chief counsel for the so-called rank-and-file group that instituted the original court action against Hoffa put in a little bill to the Teamsters Union of \$200,000 plus \$9,795 for expenses. The other two lawyers put in separate bills for another \$150,000. The "rank-and-file" group put in a tab of their own for \$58,109. Judge Letts, being a reasonable man, cut it down and ordered the union to pay \$210,000 in legal fees to the three attorneys handling the action. In addition, he approved \$5,622 in out-of-pocket expenses for Mr. Schmidt and another \$12,000 to the other two. The "rank-and-file" group, not being composed of lawyers, had to settle for just \$4,700. Altogether, a pretty fair haul. That's the beauty about the right kind of crusades: you roll up credits in heaven; you earn the ecomiums of the press—and you make lots of money.

The AFL-CIO leaders originally hoped to have the labor split occur along the lines of the honest, clean unions on the AFL-CIO side of the barricade; the crooked and corrupt unions on the other side. The image is far more blurred. So far as the average working stiff can tell, on one side are the unions run by honest (although extremely well paid) men who seem to be too goody-goody and too anxious for the applause of the venal press to do very much fighting for their members; on the other side are the rough-and-tumble leaders who are ready to stand up against the employers, politicians and newspaper editors and put up a fight for their people, but who then, like all humans, or at least American humans, turn around to get theirs.

The choice for the unionist is not an inspiring one, in either case.

SOME leftists and liberals, with the strong human penchant to be joiners, have picked sides and penned able rationalizations to justify their choice. That does not strike us as a sensible proposition. That is not what is required of radicals or forward-looking unionists at this juncture of affairs. Neither George Meany nor James Hoffa can solve labor's crisis of morale. George Meany's brand of unionism can provide better public relations. James Hoffa's brand can knock off a few

thousand more members and possibly an additional penny or two in the pay envelope—maybe. But neither the one nor the other variation of business unionism can restart labor's stalled engine and recreate the labor movement—at present another narrow, parochial, vested interest in a jungle society—as a crusade for the betterment of the common man.

As in the days of Brookwood Labor College in the twenties, political radicals and progressive unionists are called upon to stand for a set of ideas and for a type of laborism which can lift the present union movement out of its current rut and send it marching—an army with banners—toward new frontiers. Concentrating on explanation, analyses, and education to prepare a new generation of radicals may appear a thankless job since the results of such labors are slow and not immediately observable; it does not appear half as exciting as gossiping about and grouping around the doings of powerful union officials—even though these represent superior or inferior varieties of business unionism. But unless we are very much mistaken, the 1958 recession ushered in a new decade where social tensions are getting aggravated and the yearning for social resolutions more compelling.

IT is easy but futile to indict a whole society. Responsibility for our present predicament cannot be cast like a net over all our people, the corporation president and the fellow who has just been laid off, the governor of Arkansas and the Negro student, the Secretary of State and the housewife. There are degrees of power and influence, and degrees of responsibility. If we are living today on a capital of ideas that has reached the stage of depletion, if we as a nation are ducking or ignoring the essential challenges, if we are not reacting as we should to Russian strength and weakness, prime responsibility does not rest primarily with the unemployed worker, the housewife, or the Negro student. It rests primarily with those in positions of power and trust in our society, who are the carriers of the old ideas because they see in them a means of perpetuating their power. It rests primarily in those conservative business leaders and politicians who see America in the image of their fears and antagonisms rather than in the image of our hopes and possibilities.

—Walter Reuther
The Progressive, January 1959

A success story that rates no hurrahs in the American press: How a government oil company in Italy rose from small stature to become a giant operation—and a thorn in the side of the world oil cartel.

Challenge to the Oil Cartel

By Harvey O'Connor

OF all the oddities exhibited by Western Europe's decadent social-industrial system, Italy seems to offer by far the oddest. That is a government oil company run by a brilliant state bureaucrat, supported by the Socialist and Communist Parties, making profits for the state, and opposed of course by the big private monopolies, the right wing of the Christian Democratic Party, and by the fascists and monarchists.

ENI (Ente Nazionale Idrocarburi) is the biggest success that poor Italy can claim in the post-war period. So successful, in fact, that this little David among oil companies dares to challenge the international oil cartel, and may get away with it. ENI owes its life, in the first place, to a genius by the name of Enrico Mattei. Underground during World War II, he was captured by the fascists, escaped from the Como prison, and then led one of the biggest partisan forces in the North. After Mussolini was hanged by the heels in a Milan square, Mattei was commissioned in 1945 to liquidate one of the dictator's most expensive ventures into corporative capitalism, the AGIP oil firm which had tried futilely to discover oil over a 20-year period.

Mattei defied orders from Rome and began hunting for oil instead of liquidating AGIP. By great good fortune and his own indomitable energy, he discovered not oil but gas, immense quantities of it, in the Po Valley near Milan.

Author of The Empire of Oil, the most authoritative recent survey of the field, Harvey O'Connor has written books and articles on many aspects of the American industrial and social structure.

By now he has a network of 2,860 miles of lines connecting the gas wells with Milan, Turin, and the other industrial centers of North Italy. The equivalent of five million tons of oil comes yearly from ENI's gas wells, saving Italy from importing that much in dollar-pound crude oil from the cartel. The pipe line network for gas, biggest in Europe, nourishes some 2,000 factories including those of Fiat, Montecatini, and Pirelli. ENI has a fleet of 11 tankers, including two turbo-tankers of 36,000 tons. Two 45,000-ton tankers are under construction. ENI owns one refinery, has interests in others, and is building a big plant near Rome.

Flamboyant advertising, modern service stations, motels (charging \$1 for the first night and \$2 thereafter to spur motorists to keep moving and using Cortemaggiore gasoline) help ENI to do a \$400 million business a year, with \$5 million profits for the Treasury. The enterprise has branched out into 43 industrial undertakings.

The Nuovo Pigone oil equipment plant, in alliance with the Dresser firm of Houston (which first imported the Russian turbo-drill for use in American oil fields) is turning out rigs used not only in Italy but in France, the Sahara, Egypt, Iran, and elsewhere. ENI has built a \$75 million petro-chemical plant at Ravenna, turning out 60,000 tons of synthetic rubber and 650,000 tons of fertilizer a year from natural gas. Now ENI, with a staff of 800 engineers—against a mere 15 back in 1950—is branching out into nuclear power. By 1962 Mattei hopes to have a station of 250,000 KW, producing power not much more expensively than petroleum. If ENI succeeds, its nuclear power plant will be a pioneer and one of the biggest in Western Europe.

SUCH a success story, from one of our allies of the free world in the cold war, would seem to rate panegyrics in the *Saturday Evening Post*. Actually, it has earned the bitter enmity of the State Department and of our erstwhile ambassadress, la Luce, and her husband's Time-Life-Fortune empire, plus the opposition of the world oil cartel and especially of Standard Oil of New Jersey. By reflex action, the conservative capitalist entities of Italy have declared war to the death on ENI, with the fascists and monarchists howling for Mattei's head. The "seven sisters" of private monopoly—Fiat, Montecatini chemical trust, Edison electric trust, Pirelli rubber, and the rest—demand that ENI be reduced to impotence.

How can ENI survive in the face of this implacable array of foes? Quite simply, it can count in the Chamber of Deputies on the votes of the Socialists and Communists. Add to that the "social" wing of the Demo-Christians, represented by President Gronchi and Prime Minister Fanfani, and there is a majority for ENI—for this, the most successful of all state enterprises in Italy. But if Italy should suffer a Gaullist-type coup reducing arbitrarily the number of Left deputies, ENI's days would be numbered and Standard of New Jersey could take over. As it is the Fanfani cabinet stands on the brink and may be succeeded by a rightist Demo-Christian government, all because ENI dares to challenge the world oil cartel.

Italy is not permitted the luxury of making up her own mind on the matter. Secretary of State Dulles has taken

a hand in what might seem to be Italy's internal affair. He had a heated argument with President Gronchi about the petroleum bill then pending in the Chamber which would have broken the cartel's 50-50 formula by giving Italy 60 percent of the profits on Italian oil production. American aid to hard-pressed Italy was of course Dulles' trump card. Even in 1949, when ENI was beginning to develop the Po's gas resources, Italy was warned that it was trespassing on ground sacred to the cartel. If ENI used its own resources then Italy would lose capital which would otherwise cheerfully be advanced by Standard of New Jersey; moreover the funds of the U. S. European Recovery Program were available only as a prelude to private capital investment. The Truman and Eisenhower administrations were equally adamant against Mattei's determination to use Italian funds to advance the Italian oil and gas industry.

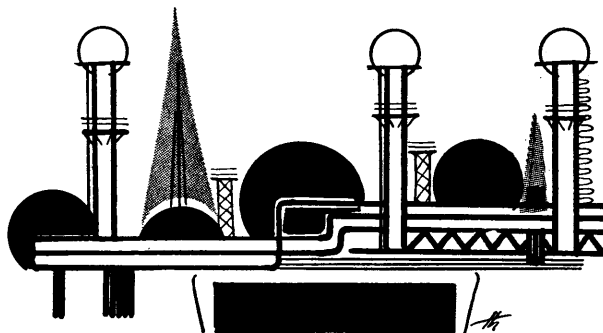
Why, asked the cartel in astonishment, does not Italy want to become another Venezuela or Arabia, with oil largesse dripping on its starved economy? Already foreign companies had invested some \$50 million, mostly in refineries, because Italy is a convenient refining point for Arabian crude destined for central Europe. In fact Italy has now twice the refining capacity needed for the domestic market. Quite obdurately, the majority in the Chamber of Deputies maintained that they did not want to be "Arabs," dependent on the cartel, when their own nationalized oil company was doing quite well on its own.

Don Luigi Sturzo, founder of the Demo-Christian Party and spokesman for the Italian monopolies as well as the cartel and the State Department, was for depriving ENI of its exclusive right to develop the Po Valley and for opening all of Italy to the cartel under 50-50. A hot battle raged for several years in the Chamber over the petroleum bill, with the rightists insisting on amendments far more favorable to the cartel than even the laws of the United States and Canada. The State Department stalled on economic aid to Italy, claiming that the climate was unfavorable unless a suitable oil law were enacted.

STANDARD Oil, in a letter to an ENI official, made its position crystal clear. Why should American oil companies invest in Italy when other countries offered much more favorable terms? Italy might wait too long, and then atomic energy would be developed, leaving her own oil resources untapped and unwanted. "Probably you are not interested in this philosophy," said the Standard official, "but I thought you might be."

The Chamber finally passed an oil law, without the 60-40 feature, but based on a sliding scale of payments which amounted to much the same. The cartel put the boycott on the Italian mainland; Gulf Oil, headed in Italy by Prince Nicholas Pignatelli Aragona, withdrew from the Abruzzi field it was developing, and concentrated in Sicily, where, under its autonomous regime, a 50-50 law had been enacted. ENI too went into Sicily and developed the Gela field, which promises a production of a million tons this year. Nevertheless, Italy must still import some 12 million tons of oil a year, bought with precious dollars and pounds which weigh heavily on the nation's balance of

payments. It is exactly here that the State Department and the cartel take their stand—they intend that Italy must always be mortgaged to the dollar and the pound, to keep the decadent native capitalism dependent on the infusion of dollars into its financial bloodstream and to buttress foreign domination.



Why should Enrico Mattei, no lover of socialism himself but an ardent Demo-Christian—accused by the right wing of his party of using ENI ads to subsidize the "social" wing of the Demo-Christians—stand in the way of Standard Oil and the Italian monopolies and reactionaries? Presumably, because he is an Italian nationalist, i. e., a patriot. His goal is Italian self-sufficiency in oil, the prime source of energy for its industry. He wants to buy Near East oil at somewhere near its cost of production—10-20 cents a barrel—and not at \$2.49, the cartel price. For that reason he went into Egypt and formed an Egyptian-Italian oil company which is now extracting some two million tons a year from deposits on the Sinai Peninsula. His formula discarded the cartel's pattern of dividing the swag with despots and oligarchies (after the cartel does the bookkeeping) and admitted Near East countries into partnership, both in operations and bookkeeping, with the hope of acquiring the right to exercise decisive control over the management of their own wealth. "Is this then," asked Mattei, "the sad event which has caused so much ink and bitterness to be poured over us?"

Admittedly the Egyptian deal was small change so far as the cartel was concerned. The Sinai fields can hardly be compared with the vast deposits of Arabia. And Egyptian President Nasser was already anathema for his nationalization of the Suez Canal. The vital challenge came to the cartel when Mattei went to Teheran and concluded a deal with Iran, part of the cartel's own territory, which blew the lid off 50-50. The Shah, although another of the West's "best friends" in the Near East, is a covetous man. He knows that the 50-50 deal is a phony so far as Iran is concerned, covering only the profits in production, and that the cartel gets 100 percent on transportation, refining, and marketing. According to complaints of officials of the National Iranian Oil Company, which nominally owns the consortium's fields, the deal is more nearly 75-25, with Iran on the short end.

MATTEI proposed that a joint Iranian-Italian company be set up, SIRIP, and to placate the cartel, suggested that the usual 50-50 formula be applied. But as his plan

involved joint ownership, Iran would get one-half of the 50 percent which usually goes to the foreign company. That made it a 75-25 deal in favor of Iran. Inasmuch as a kind of "most favored nation" clause is included in most of the Near East concessions, providing that the producing country may claim the best terms granted elsewhere, the entire 50-50 formula went into a tailspin. The handwriting was on the wall; when Venezuela under its new government ordered a 60-40 deal in its own favor, the lid was nailed on the coffin of the cartel's 50-50 pattern. To celebrate the demise, as it were, President Gronchi paid a state visit to Persia which the Shah reciprocated, with much pomp, in Rome, leading some to compare Mattei with Augustus Caesar. It was sweet revenge for the head of ENI, on whom the Libyan door had been slammed by Standard Oil. Mattei thought he had a nice concession in Libya right near the Algerian border, but all of a sudden the Libyan Cabinet with which he had been dealing collapsed and Standard walked off with the concession. "The Americans did a nasty thing to Italy in Libya," commented Mattei, but he did not grieve in view of the Iranian coup.

Standard disguised its concern over the Teheran agreement by pointing out that actually there was no production yet, and that Iran's 75 percent share might be purely hypothetical. But the agreement covers offshore lands in the Persian Gulf bordering the consortium's richest fields, and as this is being read, a SIRIP rig is about to drill. Mattei has of course taken a gamble, as he did when he defied Rome to drill in the Po Valley after the war. So far his luck has been with him and the chances are favorable that oil will be discovered. If in great quantities, then Italy will be freed from dependence on the cartel and its \$2.49 oil.

As for Mattei, he is exuberant in his battle with the cartel. He told me in Rome that the cartel can no longer keep its position in the Near East: "There is competition now." His assertion is backed up by the Japanese invasion of the Kuwait-Arabia offshore fields and more importantly by the agreement recently signed between Standard of Indiana, one of the biggest non-cartel companies, and Iran, for a 75-25 deal very much on the lines of the ENI agreement. Perhaps the Italians can be laughed off by the cartel, and the Japanese, too, but when a major U. S. company, itself a part of the former Standard Oil Trust, decides to break the taboo, it's curtains for monopoly in the Near East.

FOR that reason, undoubtedly, the *New York Times*, through its roving editor, C. L. Sulzberger, decided recently to train its guns on Mattei, President Gronchi, and Premier Fanfani, as the main culprits in this debacle for the cartel. The august *Times*, whose taste in vituperation is on a higher level than the Hearst press, did not call Mattei and his political associates communists or even crypto-communists. Instead Mattei is a *condottiere*, one of the band of mercenary chiefs who fought for princes for pay in medieval times. The term seems particularly inappropriate for a man who fought in the underground, led a partisan army, and was decorated by the U. S. Army for his bravery; perhaps had he fought for Mussolini and later headed an Italian subsidiary of a U. S. oil company, he would have rated a more flattering profile. And this

condottiere devotes his salary to an orphanage, having means of his own!

Mattei has compounded his mortal sin by counselling the military neutralization of the Near East, the withdrawal of U. S.-British bases in that area, and friendship for all the Arab states. Worse, President Gronchi was accused of demanding Italian commanders for Italian troops, instead of NATO-appointed U. S. and German generals. Just as disturbing to the State Department are Mattei's ideas on Europe's energy supply. He believes the customers, the nations of Western Europe, are being rooked by the cartel. They ought to have access, he believes, to their main energy source, petroleum, at a price somewhat lower than the \$2.49 charged for a barrel of 10-20 cent petroleum. His indictment of the cartel is five-pointed:

1) It has concentrated control of production and marketing in a small number of hands, beyond the hope of national control.

2) Because of the closed market and lack of elasticity of prices, consumers are over-charged.

3) Producing countries are held to a non-creative role in which their only aim, like the cartel's, is to exact as much as possible as quickly as possible for oil without regard to potentialities of the market, such as restricted demand because of overpricing.

4) The nations of western Europe are forbidden to take steps for international control of petroleum to obtain a more rational organization of supply and price.

5) The oil companies have built up the power of their own corporative super-state but in so doing have set up reactions that may rupture their source of supply in the Near East and their markets in the West.

Each country of Western Europe tries desperately to develop petroleum resources in its own domain—Italy at home and in Egypt and Iran, France in the Sahara, Germany and Holland their own slender domestic reserves, Sweden its shale—all at prices higher than the world market, but payable in their own currencies and under their own control in emergencies. Thus the possibility is presented, according to Mattei, that nations will develop their own high-cost energy resources and that the market for low-cost but high-priced Near East oil will dwindle. Even in the United States this tendency exists, with more than a hundred small independents digging for oil all over the earth, with hardly a hope that any future discovery can rival in cheapness the wells of Arabia, Iraq, and Iran. But one and all are motivated by the same impulse, to escape the iron control of the petroleum cartel over price and market.

In this situation there is hardly a glimmer of hope for consumers; the cheap oil remains high-priced and the new deposits are expensive to find and exploit. To end this Mattei proposes some form of supra-national or international control. On this his ideas of course are tentative; he can only propose but the cartel and the Foreign Offices at Washington, London, Paris, and the Hague dispose. They are disposed, for the present, to hold on to what they have, and to squeeze the rest of the world as hard as possible.

Latin America has a long history of coups and revolts that changed little but the men on top. Has the round of revolutions in the past decade merely been more of the same? Or is a new day really dawning?

Upheaval in Latin America

By Harry Braverman

THE Cuban revolution of Fidel Castro has, by its dramatic impact, seized American attention as few events of recent Latin American history. For some years now, there has been a growing consciousness that big things are brewing in the twenty countries south of the Rio Grande. The Cuban upheaval is not, in itself, an earth-shaking event, but, taken as a link in the chain that has been persistently forged since World War II, it has great importance as a further symptom and evidence that Latin America has begun a distinctly new stage.

Certainly, revolutions of all kinds are no novelty for the countries of South and Central America and the Caribbean. The word is practically synonymous with politics in Latin America. Bolivia alone can boast of 179 "revolutions," and it is far from exceptional. So characteristic is the method of succession by coup d'état, of mobilized *machetismo* (replaced of late by the grenade, machine gun, and such modern means) that otherwise reputable scholars have argued that violence is the essential principle of the Latin American psyche and society.

And yet, it does not take a very acute observer to see that the apparent revolutionary excitement which re-visited the Latin American countries so regularly in the century after Bolivar and San Martin reflected, except in a few instances, no real social change or upheaval. For all its outstanding revolutionary repute, the region remained stagnant. The clique conspiracies, palace coups, gun-running filibusters, military juntas, and repeated impositions of new caudillos were more often than not the activities of small groups of adventurers, rival graft machines, local war lords—or American sugar daddies backed by the State Department. Seen in their true perspective, they were not revolution but in many ways its direct opposite: chronic conspiracy feeding on social stagnation and decay.

But there is little question that the more recent shocks and changes are of a new and different sort. If we review some of the more important of them, we can see a line of continuity. The overthrow of Ubico in Guatemala back in 1944 and the later attempt at agrarian reform; the Bolivian revolution of 1952 and the subsequent nationalization of the tin mines; the 1949 downfall of General Carías in Honduras; the overthrow of Odría, Rojas, Perez, and Batista in Peru, Colombia, Venezuela, and Cuba in

swift succession during the last three years, the British Guiana events and the agitation for nationalizing the Canal in Panama, are all part of the trend. Peron of Argentina reflected the new currents of nationalism and social aspirations, both in his reign and in his downfall, as does the big movement he left behind. As far back as August 17, 1957, *Business Week* put its finger on the qualitative difference. After listing a number of examples of unrest, the magazine went on:

Are these recent "incidents" a 1957 version of the same, old merry-go-round of Latin American instability?

Most experts say no. They see a new story evolving from the Caribbean islands to southernmost Argentina.

In the broadest view, Latin America seems to be getting off the treadmill of its traditional ways. It is a "growth area" making big leaps toward political and economic progress. For every jump forward, there may be a small step backward. But the net result is an advance—away from the backward conditions Latin America has lived with for centuries.

The area has been gradually acquiring, through both foreign and domestic investment, the elements of a heavy and mass production industry. Five countries now have integrated steel-producing setups, and two others are getting theirs under way. Argentina has a small auto and auto-parts industry. Brazil expects to be producing 130,000 buses, trucks, and cars by 1960. Mexico is turning out diesel trucks, textile machines, freight cars. In Brazil, coffee, which once represented more than 70 percent of the national production, is now less than 20 percent. In both Argentina and Brazil, twice as many people are now employed in industry as in agriculture. Throughout Latin America, industrial output has risen by an amazing 175 percent over pre-war.

WHAT is even more significant in some ways, an increasing part of new investment has been domestic instead of foreign, testifying to the growing economic power of local capitalists, and to the greater confidence of the rich in home industry, as against investments in land or luxury goods. In 1957, all but 3 percent of new capital investment in Mexico came from within the country. Granting that Mexico, which has been a special case, is not a fair example, the situation throughout much of the rest of the area shows the same trend. Of late, some 17 percent of Gross National Product is being put back into investment, whereas before World War II, the figure was only about 12 percent. Not only that, but the countries are producing more of their own investment goods. In 1925-1929, half of total investment consisted of imported capital goods, but by 1957, only 27 percent. It has been estimated that in 1929, foreign capital comprised some 25 percent of all fixed plant in Latin America, and that today it makes up only about 12 percent.

The visible marks of all this on the continent are many. Carleton Beals wrote in the January 1958 *Progressive*: "From Patagonia in Chile and Argentina to the Straits of Magellan and beyond, new towns, roads, oil fields, railroads, coal mines, and textile mills have opened up. Similar

developments are taking place on the great inland plateau empire of Mato Grosso in Brazil. A new four hundred mile railroad has opened up rich new manganese deposits north of the Amazon. In Venezuela, new iron mines, railroads, and ports have begun to open up rich iron mines in the Orinoco. Colombia, despite tragic political events, and Ecuador, Peru, and Bolivia have been making use of the great inner Amazon areas." Mr. Beals notes what this has meant for the cities:

Urban growth is already an explosive characteristic of Latin American life. No cities in history have grown faster. In the chief centers, more material construction has been carried on in the past decade or so than during the previous four hundred years. Mexico City is now past the four million mark. Where maguey and corn-fields and thatched huts were yesterday, today stretch magnificent garden boulevards lined with homes, school-houses, apartment buildings, and skyscrapers. Cities on the Argentine pampas—strangled for a century by the British railroad monopoly and treaties forbidding the building of highways or industries competing with British wares—were freed during the Peron period and are now pushing toward the million level with the gusto of an earlier Chicago. La Paz, Bolivia, only yesterday a dirty overgrown Indian village, now has soaring office buildings and apartment houses, plus a skyscraper university.

How does all this encourage the revolutions of a new type? Well, in the first place, the rapid changes are setting up unbearable tensions in the old political structures, as well as in old social setups on the land. Countries which industrialize and modernize can no longer be held as fiefdoms for the private exploitation of landowners, foreign sugar, fruit, tin, oil, copper, nitrates, and power companies, and lawless gangster-politicians.

Then, the growing middle class of manufacturers, traders, bankers, lawyers, engineers, and so forth, becomes increasingly envious of foreign exploiters, jealous of its prerogatives of power and wealth, and anxious to take its own country in hand. This is not purely an economic impulse: a chain of nationalistic and idealistic reactions is set up which penetrates throughout the population and is not necessarily always connected with direct economic interests. Thus José Figueres, in his November 1953 inaugural address as President of Costa Rica, spoke for the capitalists but also for most of the nation when he explained: "Foreign investments constitute a sort of suction organism that carries abroad most of the riches it produces in the form of dividends, taxes, and salaries of high executives. On the other hand the tendency of the foreign companies to maintain our countries as low-paid labor zones limits our capacity to consume industrial production."

FINALLY, large masses of people are aroused by the new economic conditions. Despite recent progress, the Latin American picture is far from rosy. Industrialization is, after all, still a thin skin on the surface of the old brew. Almost without exception, these nations are still almost as dependent as before on one or two crops or minerals for their economic health. Sugar is still more than a quarter



of Cuba's national production and 80 percent of its exports. Venezuela has become completely dependent on oil, and Bolivian tin, Central American coffee and fruit, and so forth, remain at the heart of the economies of those countries.

The slump in primary-product prices since 1955 has put many of them in dire straits. "Except in a few republics, such as Mexico," summarizes the *New York Times* in its economic review of the hemisphere on January 14, "1958 was one of the worst economic years in decades for Latin America. Inflation was rampant, currencies depreciated, domestic budgets ran staggering deficits, foreign earnings were pathetically inadequate to pay for essential imports, and commodities piled up with no buyers in sight. While it was hard enough to keep the economic ships of state afloat from day to day, the real problem was where to find sufficient resources to develop the region rapidly so that the growing population could enjoy a decent living standard and democratic governments could acquire stability."

Per capita output is still well under one-fifth that in the United States, and, with a lowered death rate, population has been soaring far faster than before. Many of the countries still have an average income per person below \$100 a year. The changes in the economy have torn up parts of the peasant population, transferred them to cities and mining towns, and while they get pay checks larger than they have ever seen before, few experts in the calculus of human satisfactions could claim that they are better off. Their needs have grown in unaccustomed surroundings, and inflation robs them of the ability to make ends meet. Confusion, shock, discontent, and rebelliousness are the natural reactions. Labor unionism has been recruiting at an extraordinary rate.

With all this, the process of creating new governments and the framework of a new society, and of destroying or limiting foreign exploitation, is by no means simple. Logic seems to call for a united front of the nation, including especially the capitalists, towards a nationalist takeover. But the capitalists are by no means sturdy and uncompromising fighters in their own behalf even under the most propitious conditions, as students of the American Revolution of 1776 well know. How much more the case is this in colonial countries today when, as in Latin America, comfortable economic arrangements permit them a small and secure share in the proceeds of foreign exploitation,

and when on the other side, no one knows where a mass upheaval will lead or how it will end. Under such risky circumstances, many of the well-to-do would rather bear the ills they have than fly to others they know not of.

TAKE the Cuban revolution as an example. Correspondents have already supplied the information that, although much of Castro's following was recruited from among the country's poorest classes, the leadership was chiefly middle and upper class, Castro himself being a lawyer and the scion of one of Oriente Province's big landholders. Yet it was plainly a small minority movement among capitalists. By and large, the country's big business interests, domestic as well as foreign, backed Batista until his doom seemed imminent.

Then, Castro himself has shown an increasing repugnance for radical social measures, and a growing concern to placate foreign capital. *Newsweek* reports: "Only three years ago, Castro published a program of 'reform' in Cuba that called for the nationalization of U.S. financed business, the confiscation of all properties that had been acquired by the 'corrupt government' of the Batista regime. At the time, the program was regarded as so unrealistic that no one took it very seriously—and Castro himself was later obliged to say he thought it was impractical. But, as he installed his own men in power in top government offices of Cuba this week, outside observers were obsessed with a chilling thought: How else would Fidel Castro be able to control the extreme supporters of his revolution except to give them an extreme administration?"

Castro himself sought to allay fears in an article for *Coronet* a year ago (February 1958), his first statement directed at United States opinion after he started the civil war: "Let me say for the record that we have no plans for the expropriation or nationalization of foreign investments here. True, the extension of government ownership to certain public utilities—some of them, such as the power companies, U.S.-owned—was a point of our earliest programs; but we have currently suspended all planning on this matter. I personally have come to feel that nationalization is, at best, a cumbersome instrument. It does not seem to make the state any stronger, yet it enfeebles private enterprise. Even more importantly, any attempt at wholesale nationalization would obviously hamper the principal point of our economic platform—industrialization at the fastest possible rate. For this purpose, foreign investments will always be welcome and secure here."

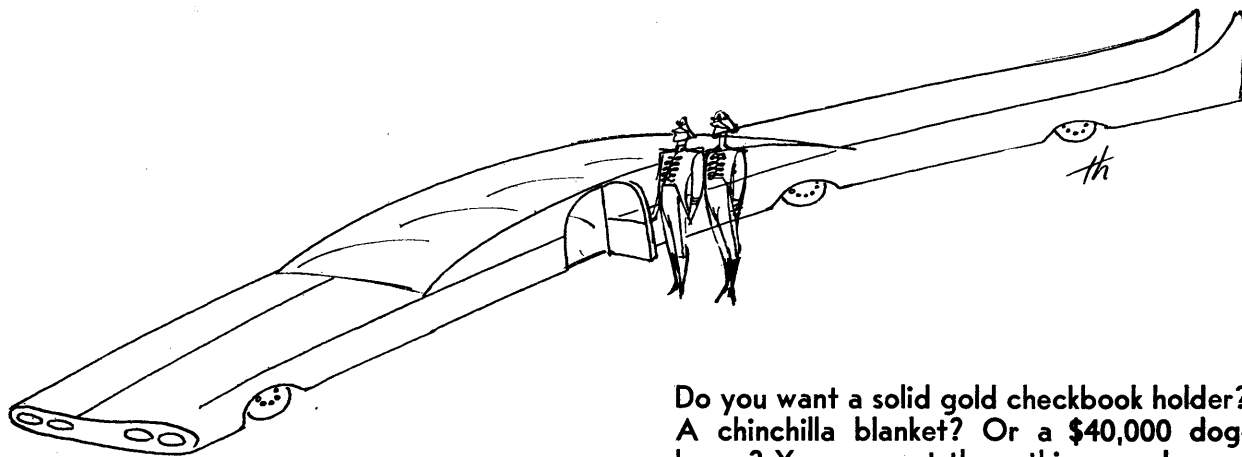
And yet, nationalization of at least the key economic resource, in order to get it out of foreign hands, is clearly, together with land reform, the key to any Latin American revolution, if it is to get beyond the frustrating stage of bootless coups that change nothing. Even biased United States observers are unanimous in pointing to the Mexican revolution as the one revolution of the last century in Latin America which has really set a new stage instead of simply changing the actors; and what was more essential in that upheaval than the nationalization of oil and the agrarian reform? If Mexico has industrialized more steadily, and has been less at the mercy of foreign economic manipulations, and has done more for its people, the reason is no secret.

But Castro's careful disclaimers are not the only factor in the Cuban revolution. The fear expressed by *Newsweek* in the above-quoted comments certainly has substance to it. The *Wall Street Journal* reports one highly significant episode: Soon after the flight of Batista, the American Foreign & Power Company found its offices swarming with heavily armed and bearded militia men. A Revolutionary Committee set up within this richest of American enterprises in Cuban began forcing the re-hiring of employees fired during the Batista regime, and the firing of some Batista supporters. A long list of reforms, including a 20 percent pay rise, was presented. "Company executives are plainly reluctant to argue against guns and are giving consideration to all demands of the rebel group. But they contend it is impossible to know whether this revolutionary committee represents either the will of the company's workers or the desires of the new government. . . . Thus far the electric company's labor problem appears to be almost unique. But members of the revolutionary central committee at the company declare they are setting a pattern which will be followed elsewhere." This is only one of the signs that Castro is far from a free agent, and that forces of social radicalism, demanding some major gains out of the revolution and not just a change of *jefes*, will complicate Washington's attempts to get Cuba back under the thumb of the sugar and power interests with the least possible fuss.

THE new spirit which pervades Latin American can be attributed chiefly to the industrialization and economic modernization which is shaking up the twenty-nation region. And the industrialization may in turn be attributed to a number of factors: foreign investments, two world wars and the Korean war, which boosted the demand for Latin American products and provided investible profits to home-grown capitalists, the absence of tight colonial controls on the Indian model. All of this forms one inter-related whole, the first big steps of a frightfully poor and oppressed area up the ladder of social advancement.

But is it doubtful if a purely economic explanation tells the whole story. There is also the cold war, which has given all the colonial countries a bit more elbow room, and limited the weapons in the imperialist arsenal. The telling economic example of Soviet and Chinese industrial advance has roused similar hopes everywhere—not just in Southeast Asia or North Africa, but in Latin America, too. And the world colonial earthquake since World War II has set off tremors that have been felt in colonial areas very far from the source. In brief, the new waves of nationalist ideology and economic aspiration have radiated out to our hemisphere.

It is hard to try to predict the end of a process from its earliest beginnings. Secretary Dulles is on record as having said some years ago that Latin America looks like China used to look some decades back, and warning that if something weren't done it would travel the same road. It certainly does look as though the region is in for plenty of revolutionary ferment. For the first time in the history of most of these nations, that means increasingly purposeful changes—not just of a nationalist, but of a social-radical nature as well.



Do you want a solid gold checkbook holder? A chinchilla blanket? Or a \$40,000 doghouse? You can get these things, and many more, if you are so inclined—and if you have the money.

New Tastes in Waste

By Frank Bellamy

DOWN in Texas there's a certain lawyer who, when he takes a bath, lathers up in unusual surroundings. His tub is an eight-foot-long, kidney-shaped affair, lined with Italian tile and trimmed with gold leaf. Water gushes into the \$3,000 tub through the mouth of a gilded gargoyle. In Chicago there's a store, Miller's by name, that sells just the toy for the child who has everything: a 14-foot-high stuffed giraffe, tagged at \$400. And in New York, at Van Cleef & Arpels, you can get a gold, jewel-encrusted zipper—but nothing to zip—for a cool \$6,000.

Shades of Thorstein Veblen and *The Theory of the Leisure Class*? Yes indeed. Capitalist America has changed greatly since that crusty old professor penned his 1899 classic, but one thing that hasn't changed is the rich people's bent for lavish frivolity. Conspicuous consumption is still with us. In 1959 as in 1899, people still spend money, time, and effort quite uselessly to show off, to inflate their egos, to demonstrate their ability to spend. With more money around in these Fabulous Fifties than in the Gay Nineties, there is, if anything, more conspicuous consumption than ever.

To be fair, some lavishness is just plain eccentricity. Such as the woman in Memphis who has nine television sets in her home. Or the gourmet anywhere who adorns his table with such delicacies—and these are all on the

Frank Bellamy (the pen name of a New Jersey newspaperman) wrote "The Iron Horse Slows Down" about the railroads in our December 1958 issue, and several previous articles.

market—as boiled sparrows, French-fried grasshoppers, chocolate-covered ants and roasted bumble bees. But the fact remains, only the aristocracy of wealth can afford to indulge in real eccentric opulence. The rich seldom admit, however, that they waste money on frivolity. Usually they rationalize conspicuous consumption as "necessary" expenditure. That's the way the son-in-law of a late steel magnate views the built-in toilet and hot and cold running water in his Rolls Royce. A necessity. Then too, anyone who buys the "Schlumberger Pencil," an ivory and 18-karat gold affair, on sale for \$95 to \$125 at Tiffany & Co. in New York, is likely to defend his purchase by saying the pencil simply writes better than the five-cent variety. Utility is likewise the mask for other such "useful" items as 14-karat gold screw drivers, tweezers, toothpicks, book marks, and men's collar stays. This last is a classic example of inconspicuous conspicuous consumption.

MONEYED moguls have a wide choice of merchandise to fit their whim and wallet. At Sulka's in New York they can buy such ultimates in haberdashery as a \$125 vest, \$750 vicuna (remember Bernard Goldfine?) dressing gown, and \$40 gloves. Another high-class New York store offers a solid-gold checkbook holder for \$210, while Saks Fifth Avenue in Detroit has an alligator-hide garment bag for \$1,500, and another store can give you a desk set of Madagascar crocodile (a very high-tone breed of crocodile) for \$450.

Most big spenders, however, have a lot of buying to go before they can equal the wardrobe of that genial cowboy Gene Autry. Among Autry's duds are 265 shirts

(each embroidered, appliqued or besequinned in a different design), 50 pairs of hand-made Texas boots, 125 hand-painted neckerchiefs, 75 cowboy hats, many with diamond-studded bands, plus a collection of 108 gunbelts and holsters. In addition, of course, good ole Gene has clothes for business and dress-up occasions. Altogether, his stuff fills more than 1,000 square feet of closet space in his North Hollywood home and is reputed to have cost him \$250,000.

When it comes to spending money, women are no slouches either. The wife of a leading New York banker buys \$30,000 to \$50,000 worth of furs a year. She has a \$4,000 fox bed-spread adorning her four-poster, and recently bought a \$5,000 chinchilla blanket as a present for her granddaughter's christening. Another woman showed up at the International Ball in Washington in a blue satin skirt embroidered with 100,000 pearls and 700 rhinestones. She couldn't sit down.

When it comes to jewelry, few in the snob set can hold an emerald to Mrs. Cortright Wetherill of Philadelphia. Her Russian imperial emerald necklace is so valuable it costs her \$150 in insurance charges each time she takes it out of the bank to wear it. Mrs. Robert Guggenheim of Washington owns a sapphire so gigantic—424 karats, the largest sapphire of its kind in the world—that she can wear it only on a gown with sleeves and strongly reinforced shoulder straps. But Helena Rubinstein, of cold cream fame, is the gem horse of them all. She is seldom seen anywhere, in or out of her 27-room Park Avenue penthouse, without a large assortment of jewelry. She has hundreds of pearls and never wears fewer than eight huge ropes at a time. Once she absent-mindedly tossed two double diamond-drop ear-rings through the porthole of an ocean liner bound for Europe. The ear-rings, valued at \$70,000, were not insured.

ONE casualty along the boulevard of snob buying has been the mink. Formerly the exclusive pet pelt of the top set, it has become, alas, almost commonplace. Mink-trimmed can-openers, dusters, tooth brushes, and bathroom scales are on the market. Over in Paris a fur salon has a wall-to-wall mink carpet. The affluently aloof increasingly are turning to more exotic furs like chinchilla, leaving mink to the social climbers.

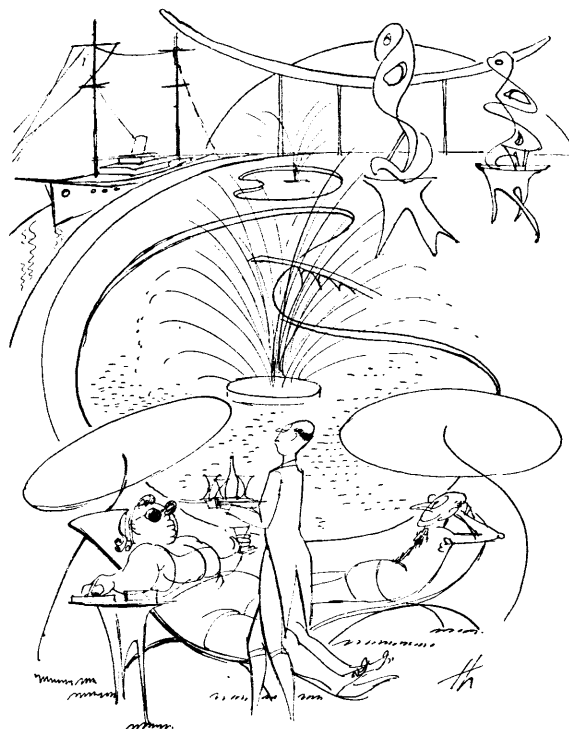
It is characteristic of those who put on the dog that they treat dogs better than humans. Gerard B. Lambert, pharmaceuticals millionaire, built a \$40,000 house for his dogs near Miami. C. Shirkhan of Grandeur, an Afghan hound owned by Mrs. Sunny Shay of Long Island, is valued at more than \$10,000 and his stud fee is \$350. The rich pamper their children too. The New York store of F.A.O. Schwarz has just about everything for a tot's Christmas stocking: a \$218.75 furnished doll house, a \$26.95 doll bed and—dolls have to get around too—a \$46.50 doll carriage. At Ideal Toy Corporation in New York there's a doll with a mink coat for \$450. For \$2,000 a baby can have a diamond diaper pin from Laykin of San Francisco. And a growing boy can get a miniature red Ferrari with a one-cylinder engine for around \$800 from New York Ferrari dealer Luigi Chinetti.

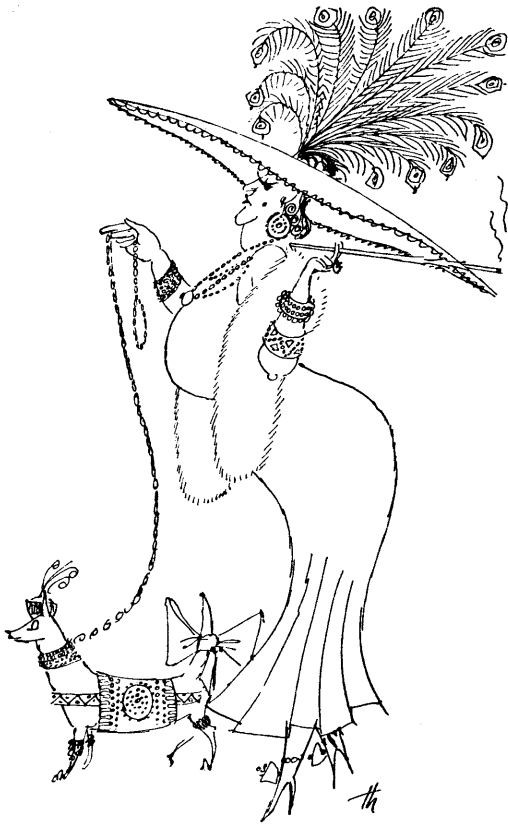
As for fancy houses, it must be admitted that none

has been built in recent years to match the splendor of Henry Clay Frick's one-man Fifth Avenue mansion on which, along with his art collection, Frick spent \$20,000,000. But that doesn't mean there aren't plenty of comfy, cozy cottages still around. Less than two years ago the \$13,000,000 Tiffany mansion at Laurel Hollow, Long Island, burned to the ground. An eight-level affair with stained-glass windows and an organ, it had 82 rooms and 25 baths.

The Old Guard of moneyed nobility—the Fricks, the Tiffanys, the Harrimans, etc. have come to frown on vulgar display, judging by an article entitled "If You Had a Million" in the July 1958 *Cosmopolitan*. "Today's wealthy flinch at the very idea of ostentation," the article says. "Houses with eighteen gardeners and a gaggle of servants are no longer the rule." The article cites as proof the case of Gerard B. Lambert, that fellow who built the \$40,000 dog house. "Lambert admits to embarrassment over the fact that when he attended Princeton he had five rooms, a limousine and a chauffeur." Be that as it may, the established wealthy haven't entered monasteries yet. The Rockefeller family, for instance, as the article admits, employs 50 private policemen to protect its 2,500 acres of baronial estates near Tarrytown, New York, from prowlers and peepers.

STILL, it is indisputable that many multi-millionaires are living lower on the hog than they did fifty years ago. A measure of what may be called reverse conspicuous consumption has cropped into the picture. Reverse conspicuous consumption may be defined as the affectation of poverty by the powerful. Some big shots wear dollar neckties, drive 10-year-old automobiles, eat apples for lunch; in other words, act like little shots. In Fairfield County, Connecticut, which A. C. Spectorsky hails in his





The Exurbanites as “the richest county in the United States,” “it’s recognized as a sign of old-timer stability and indifference to fads to affect torn sneakers and patched corduroys and faded jeans; here, where so much is new, the old and sincerely beat-up has class.”

In contrast to the Old Guard of inherited wealth stands the *nouveau riche* of new-won wealth. Less firmly rooted in the American leisure class, the *nouveau riche* tends to be less subtle, more flamboyant in his tastes. The stronghold of these tycoons is oil-rich Texas. James Marion West of Houston had a fleet of 40 Cadillacs and four planes when he died a year ago. Another hotbed of conspicuous consumption is, not surprisingly, Hollywood. Then there are free-wheelers like oil-tanker king Aristotle Socrates Onassis who owns Monte Carlo Casino and a painting that some art experts deprecate as merely a good copy of Leonardo Da Vinci’s *Mona Lisa*. Onassis paid \$2,000,000 for it. Art collecting, by the way, seems to have declined in popularity among the wealthy, while rare book collecting is gaining. Not too many years ago an American bibliophile paid \$151,000 for a copy of *The Bay Psalm Book*, 307 years old.

The money that capitalists squander on themselves is obscene enough, but more onerous from a nationwide point of view is the harmful effect that conspicuous consumption works on the middle class and those in the working class who are burdened with middle-class illusions and aspirations. The theory of conspicuous consumption is a double-edged sword. Not only do the filthy rich lord it over the less rich, but the less rich, while emulating their pecuniary superiors, lord it over their pecuniary in-

feriors. As Veblen said: “Each class envies and emulates the class next above it in the social scale, while it rarely compares itself with those below or with those who are considerably in advance.” Easy installment credit has enabled many who could otherwise not afford to do so, to “own” fancy automobiles and dishwashers. And it is now possible in some parts of the country to rent such trappings of rank as mink coats, paintings, and cabin cruisers.

ANOTHER aspect of the social-ladder race is its debasement of taste. An article in the August 1958 *American Mercury*, “Keeping Up With 30 Million Joneses,” decries “the prostitution of scores of thousands of top-flight industrial engineers and designers in face-lifting instead of technological improvements of products. Instead of making useful things more useful still, as the textbooks say, their lifetime of technical training and experience is devoted to dolling up last year’s model with more chrome and gewgaws.” Without conspicuous consumption, “planned obsolescence”—the artificial outdateding of perfectly serviceable autos, refrigerators and other durable goods to bolster sales—would have little or no appeal to the public.

Conspicuous consumption is a sickness. True, it is not the fundamental sickness of capitalist society. But it points up the waste, the planlessness, the irrationality, and the criminality of expenditures on frivolity in the midst of unemployment and want.

Out of Hiding

FOR the rich are still with us. They are not the vanishing American. In many ways, they are the multi-hued, diversified market they have always been. . . .

The ancient schism between the old guard and the new still holds. Conservatism is still characteristic of the old-line wealthy. . . . At the same time, a vital new development appears in the making. . . . The old inhibitions, the taboos on spending, are fading. “The rich have been in hiding for 20 years,” sums up T. Robsjohn-Giddings, noted interior designer. “They are coming out of their holes. And they’re having a ball.”

Spencer Samuels, president of French & Co., one of the oldest and plushiest of art and antique dealers, puts the point this way: “The wealthy no longer worry about what people will think if they spend thousands of dollars on a painting. Being rich has lost its stigma.” . . .

Statistics on the strength of the cream-of-the-crop consumer are slippery. Income tax returns offer only a partial clue because many items that make up total wealth or income go unreported, and tax law changes make year-to-year comparisons difficult. But they suggest some general directions.

Between 1948 and 1956 (last year for which breakdowns are available), the number reporting pretax incomes of between \$50,000 and \$100,000 jumped from 57,725 to a record 89,000. Those in the \$100,000-\$500,000 group grew from 15,716 to 22,008—also a record. The much smaller \$500,000-\$1 million category rose substantially, from 415 to 597 (though that was 30 fewer than in 1955). And the exclusive \$1-million-plus group peaked in 1956 at 272.

—“The Rich Come Out of Hiding”
Business Week, November 15, 1958

Most anti-trust liberals long ago gave up the notion of dissecting the monopolies, and settled for regulating them instead. But that calls for government agencies able to do the job. The question now is: Who regulates the regulators?

Facade for Plunder

By Reuben Borough

LAST year saw the obliteration of Presidential Assistant Sherman Adams. This was achieved in the House through its Subcommittee on Legislative Oversight of the Committee on Interstate and Foreign Commerce, after six months of Subcommittee sessions. The express purpose of the Subcommittee investigations was to find out whether the regulatory agencies were correctly exercising the powers granted them by Congress. Because of thirst for headlines and its lack of interest in the basic issues, the Subcommittee became immersed in symptomatic detail, some of it repetitious trivia.

But the vicuna coats to Adams and President Eisenhower, the sundry benefactions of Bernard Goldfine, Boston textile manufacturer, to Adams and other government officials, the corruption and forced resignation of some board members—all these symptoms contribute convincingly to the shattering of the myth of the “independent agencies”: the early twentieth-century progressive concept of responsible quasi-judicial commissions objectively examining an orderly presentation of evidence and reaching decisions in the public interest. Throughout the hearings, the overriding power of the President of the United States (via his Presidential Assistant)—with the threat of the “partnership” (share-it-with-business) ukase ever dangling—clearly obtruded. That power was enforced by Adams—as he, himself, admitted on the witness stand—through his assumed and exercised right to “fire” commission members. (Notable victims: Paul Rowan, member of the Securities and Exchange Commission, who voted against the proposed Dixon-Yates infiltration of the Tennessee Valley Authority, and Col. Joseph Adams, defender of “small airlines” on the Civil Aeronautics Board.)

The Administration’s right and practice had been officially established in the July 1955 hearings of another Congressional investigatory body, Subcommittee No. 1 of the Select Committee on Small Business, HR, 84th Congress. The “independent” agencies, it appeared, writhed under Executive surveillance because of Congress’ own “Reorganization Plan No. 8,” effective May 24, 1950,

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which vested the selection not only of agency members but of the chairmen of the agencies with the President of the United States and centered policy decisions in the chairmen rather than in the commissions as a whole.

“Look what you have, Mr. Chairman,” declaimed Witness John Carson, Washington, D.C., an FTC commissioner from 1949 to 1953, mourning the death of Civil Service, “you have a complete party line from the President down. You have a chairman, appointed by the President, who in fact names the policy directors for the commission (and) who holds in his hands the welfare and economic security of every clerk and so on in the Commission.”

And Witness Robert E. Freer, a former FTC chairman, opined: “I am very sympathetic with the Congressional view that these agencies are the arms, the eyes, and the ears of Congress, but part of the reason you find them drifting away lies in the enactments of Congress itself.”

At another point Subcommittee Chairman Evins hazarded: “Now the (Federal Trade) Commission is supposed to be independent in its operations. . . .”

“That is a good expression, ‘supposed to be,’” ironically interpolated Witness Harry A. Babcock, director of the Commission’s Bureau of Investigations.

THE regulatory agencies were the product of the Rooseveltian New Deal, either as fresh creations, or as professedly revitalized existing instrumentalities. Not only the “economic royalists,” but the progressives of the old school—Brandeis, Borah, Nye, Wheeler, Cutting—opposed public ownership and operation. Instead they insisted upon a return to the “free competition” of laissez faire, regulated and policed by commissions. The reverberations of the surrender were to run down through the years; a national trend had been fixed. “Our problem,” averred the 1949 Annual Report on the Activities of the Select Committee on Small Business, 80th Congress, “is to bring about a complete return to the many self-governing economic units to handle the multitudinous operations of our economy.” From a utopian battle cry, the program was quickly transformed into a facade behind which the corporate behemoths were free to practice their depredations and extend their power.

Every disinterested scholar who has studied the matter has come to this conclusion. To mention the most recent writers: John Kenneth Galbraith states in *The Great Crash*, “. . . regulatory bodies, like the people who comprise them, have a marked life cycle. In youth, they are vigorous, aggressive, evangelistic, and even intolerant. Later they mellow, and in old age—after a matter of ten or fifteen years—they become, with some exceptions, either an arm of the industry they are regulating or senile. . . . By 1938 the New Deal assault on big business was on the wane; some leaders of the original shock troops were already polishing up speeches on the virtues of the free enterprise system.” C. Wright Mills finds in his *The Power Elite* that the “economic elite,” which in the pre-New-Deal period had “fought against the growth of ‘government’ while raiding it for crafty privileges,” changed front, joined “government” on the “higher levels,” finally managed to “come to control and to use for their own purposes the New Deal institutions whose creations they had so bitterly

denounced." In the process they made a near-shambles of civil service and the regulatory commissions became a preferred training ground for "a business or legal career in the private corporate world. . . . One serves a term in the agency which has to do with the industry one is going to enter. In the regulatory agencies especially, public offices are often stepping stones in a corporate career and as organizations the agencies are outposts of the private corporate world."

In a parallel field—that of state regulation—the present writer pointed out (*American Socialist*, March 1958) that "in its march toward monopoly the (PG&E) company bent state regulation to its own purposes"; that "state regulation could open up to it new territory for its own 'prudent investment' and at the same time deny certificates of public convenience and necessity to would-be competitors in areas already 'adequately served.'" Further: ". . . the new regulatory authority rapidly developed a corps of engineers and rate specialists of outstanding competence, who outshone their brethren of the utility corporations in the analysis of capital structures. It was not long before some of the most brilliant of these functionaries were graduated to the higher corporation pay rolls."

IN the entire area now under regulation and supervision the federal government has been guilty in the past half century of gross betrayal of the national interest through withdrawal from established and successful fields of public enterprise. Having to rationalize the transportation service during World War I the government took over the operation of the railroads. When the war crisis ended, it turned them back with handsome capital equipment accretions to the private owners. The government successfully pioneered the air mail service and then, during the New Deal, surrendered it to private airline contractors. The government built and operated a merchant marine and then turned back the ships, at a fraction of their cost and with vast annual subsidies, to the shipping trust. (The subsidy appropriation of the 84th Congress, 1956, ran to almost \$1 billion.) The government, through research and experimentation, developed synthetic rubber and then turned over the plants at cut rates to the monopolists. It seems to be settled government policy in unproven territory to lay the groundwork through scientific and technical exploration, subsidy, and then by benign regulation to assure profiteering of special interests. Such subsidies, under the present sales tax and perverted "broad-base" federal income tax system, are a raid upon consumer purchasing power (the lower bracket incomes) and not an appropriation of the capital accumulations of the rich and super-rich.

Let us examine seven of the nation's major regulatory and supervisory agencies operating in the three areas of supervision: "Natural monopolies," production under government contract, and the commodity markets.

Of supreme importance, in the public utilities area, is the development and use of atomic energy for war and peace. Here the Atomic Energy Commission hands out the contract plums. "The principal production and research and development activities," notes the U.S. Government Organizational Manual, 1958-59, "are conducted

by contractors in facilities owned by the Commission." Even more important, the Commission determines who is to get the use of the developed atomic energy, and on what terms, for peacetime industrial purposes.

Objecting to the Commission's announced initial policy of handing out licenses to private companies, chiefly the power companies, for the building and operation of nuclear reactor plants, Congress proposed in 1957 the authorization of \$149 million for a "co-operative power reactor program." But it quickly backed down before President Eisenhower's opposition. The compromise measure provided that while the reactors might be constructed and operated by the government the steam to be developed thereby would be sold to the private utilities (except for a relatively small portion that might go to the co-operatives). Thus, if and when atomic power establishes its feasibility as a competitor of hydro-electricity, its ultimate monopoly control is assured—thanks to the Atomic Energy Commission, under directives from Congress.

INTO the Commission's war-time and peace-time program the nation pours from \$4 billion to \$5 billion annually. A large share of this expenditure goes as a virtual subsidy to the uranium mining industry, now owned by large corporate interests, whose only market is the United States government.

The Commission has been criminally negligent in protecting the people against the hazards of nuclear plant operation. There are the ever-threatening radio-active plant leaks and their dangers to the surrounding community populations as well as the unsolved problem of the "spent" fuel. Even the war-minded *Los Angeles Times* warned editorially that "peaceful use of atomic energy is now posing a frightening problem for the future," that the radio-active wastes from the development of atomic power "can't just be emitted into the air or tossed into the nearest dump," and that scientists have cautioned that the "once ideal answer to the problem"—depositing of wastes in deep submarine trenches—is no answer at all, since such disposal entails "the fearful possibility of spreading contamination throughout every ocean and sea."

The truth of the matter is that the profiteer-infested, Pentagon-dominated AEC is incapable of generating any kind of program for the general welfare. If it were really on the job, it would promptly declare a moratorium on the industrial operation of all atomic energy plants, public and private, until the perils of radio-activity are banished.

Closest of kin to the Atomic Energy Commission in the public utility domain is the Federal Power Commission, operating in the field of electric power. The FPC has power to issue licenses to public and private bodies for the construction, operation, and maintenance of water-power projects in navigable streams, and to "confirm" rates for the sale of power from federal projects. Increasingly the Commission has acted as an arm of the power trust. In 1957 it rejected public development of two of the nation's greatest power sources: Hell's Canyon on the Snake River, Idaho, and Niagara Falls. In Hell's Canyon it issued licenses to the Idaho Power Company to erect three low dams in conformity with the action of a Democratic Congress which killed a bill for public construction and opera-

tion of a multiple-purpose high dam—a reversal of a cardinal Rooseveltian policy. At Niagara Falls the Commission, under authorization of this same Congress, granted a license to the New York State Power Authority which turns over to the Niagara-Mohawk Power Corporation half of the power to be generated in the Authority's contemplated \$600 million hydro-electric plant.

In farming out the nation's natural resources to the special interests FPC is weakening the national economy by depriving it of plentiful and cheap power. But the direct loss to industry is not the only serious result. Private power is single-purpose-dam power. It cannot be coordinated into the broad conservation program which found eloquent expression in the policies of the Interior Department's Bureau of Reclamation under the two Roosevelts (Theodore and Franklin), which called for the fullest development (via multiple-purpose dams) of the river valleys of the United States in terms not only of power generation but of flood control, irrigation, stream regulation, recreation, wild life restoration, reforestation. The power trust's narrow exploitation of the impact of falling water to which the Commission now stands committed, cuts at the heart of the conservation program.

An ingenious method of subsidization is the widespread peddling of "fast tax write-offs" to promote "preparedness." Here the regulator—the "fix-it" mechanism—is the Office of Defense Mobilization, progeny of the sprawling Pentagon. The "fast tax write-off" is a device for concentrating in a short period of from three to five years plant and equipment depreciation which would normally extend through 20 or 30 years. The effect is to reduce for the shorter period the net-profits showing and consequently the income tax payments of the favored corporation. The retained profits—the amount held out of taxes—will have to be paid ultimately but, meanwhile, they constitute interest-free government loans of staggering totals.

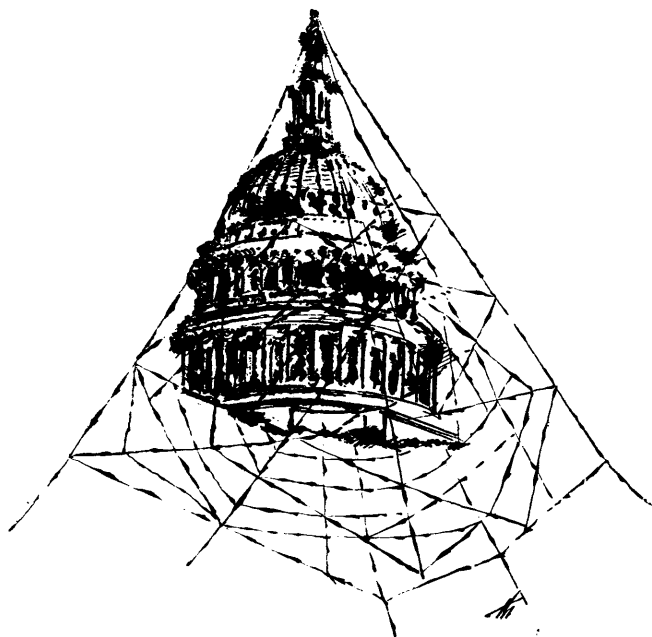
Industrialists far and wide suddenly became amazingly aware that they were "helping the war effort." Applications for certificates of tax deferrals flooded the Defense

Mobilization Office. According to Senator Barry Goldwater of Arizona, more than 22,000 certificates had been issued even before the Idaho Power Company was granted its exemption in 1957 in connection with the Hell's Canyon Project. Senator Arthur Watkins of Utah read into the Congressional record the complete list of the nation's 913 power company certifications, totaling over \$3¼ billion. This bleeding of the federal treasury had deferred federal tax revenues in the amount of \$50 billion since the program was revived in 1951 under the impact of the Korean War.

MOST notorious of the federal subsidy areas is that segment of the aircraft industry specializing in the manufacture of bomber planes. Here the regulatory and supervisory mechanism is the Renegotiations Board, whose assigned task, in a fantastically anarchic wartime setup, is the "scaling down" of exorbitant profits from Defense Department contracts. These contracts are—for "security" reasons—secretly negotiated: they are not awarded, as is standard official practice in public purchasing, after open competitive bidding. In this field, the government assumes the entire cost of exploration and development, covered in the charges for the first proven design of the flight weapon. It furnishes plant and plant equipment running from 50 to 100 percent of total requirements, in addition to providing operating capital. Profits are so high that they yield returns to stockholders incredible on the basis of original investment as well as mushrooming growths of company-owned assets. In one case, the latter showed a 16-fold increase in a six-year period, in five other selected cases there was an average, annual growth of from 54 percent to 69 percent for shorter periods. Years behind in its profits check-up, the Renegotiations Board flounders helplessly. In fact, it is not a regulatory body at all—it is a camouflaged device to guarantee unprecedented profits.

ONE of the exemplars of guaranteed profits on the American scene, the American Telephone and Telegraph Company—the sacred cow of "people's capitalism"—is assigned for regulatory safe-keeping to the Federal Communications Commission. This corporation, the largest utility business in the world, has successfully resisted the efforts of both public and private bodies to pare down its income. Repeated efforts of municipal and other local governmental units before the state regulatory commissions to resist rate increases have all proved unavailing. AT&T's position as the over-all "milking machine" of wire communications in the United States is growing stronger all the time. Indeed, on December 17, AT&T's board of directors recommended a 10 percent increase in dividends and a three-for-one stock split. Its common stock is currently selling at twice its \$100-par value. The servility of the regulating agencies is illustrated by the fact that in only seven years (1950-1957) the average charge per telephone call increased 44 percent, while direct handling costs, mainly operators' wages, rose only 7 percent per call. During the same period operating profits increased by 132 percent.

In contrast to the telephone monopoly, there are still unassigned spoils in the radio and television field. Under the controlling statute, the Federal Communications Commission may grant a license if "public convenience, inter-



est, or necessity will be served thereby," which license must be up for renewal every three years. Theoretically there is a "diversification" requirement: if two applicants are equal in other respects, the applicant who is not affiliated with other newspaper or communications media is to be preferred. But this rule has been flagrantly violated. Sometimes the newspaper publisher gets the coveted license, sometimes not—depending on his connections and "pull." In this fascinating and often lucrative game of granting valuable licensing privileges, commission members, Congressmen, and lobbyists have formed a happy threesome combination. For moving into this murky area with what Drew Pearson described as "dynamite-laden facts" (the "story of the corruption of the public domain in which billions of dollars are at stake . . . the story of how private interests establish a legal monopoly of the air we breathe"), Dr. Bernard Schwartz, chief counsel of the Moulder Committee, was summarily "stripped of his authority."

IN the "air waves" is a vast public domain to which there can be no claim to a private property right. And it is an area which under intelligent planning and administration could be the heart of a great national culture, a thriving field of art and science reaching intimately into every home and school in the land. Yet FCC, dominated by business-minded illiterates, blandly permits the barbarians of the market to pervert this communication field into a private-enterprise battleground and render it hideous with their "singing commercial" hawking of fancified automobiles, beers, cigarettes, and patent nostrums.

Two of the more important of the agencies set up to regulate certain competitive realms are the Pure Food and Drug Administration and the Federal Trade Commission. The Pure Food and Drug Administration, whose function is to ferret out and prevent the manufacture and sale of products injurious to the public health, has notoriously fallen down on the job. Adulterated and impure foods, untested and dangerous chemical additives and preservatives, continue to swell the market. The second-named agency, the Federal Trade Commission, is supposed to safeguard the public against the same adulterations and poisonings by "preventing the dissemination of false or deceptive advertisements of food, drugs, cosmetics and therapeutic devices." It too has been an unmitigated failure—a failure rooted in the Congressional betrayal of the people's interests.

"The Food, Drug and Cosmetic Bill, as it passed in 1938," says Rexford Tugwell in *The Democratic Roosevelt*, "was a discredit to everyone concerned with it. What had started out in 1933 on a tide of consumer approval to be a new charter of honesty and fair dealing in the manufacture and sale of products in everyday use had ended in a renewed permission to exploit the public. No standards, no grades, no penalties for fraud, no restriction on patent medicines of however dangerous a nature—there was nothing to take pride in. The proceedings had been disgraceful. The Congress had truckled to every shabby interest that had appeared, shamelessly and openly."

WHAT is the overall worth of the federal regulatory agencies? It should be apparent that the agencies provide no relief in the field of the "natural monopolies."

Both as to rates and services the commissions here are estopped from preventing increasing exploitation of the economy. For in these areas the fictitious values built into the capital structures are in an upward trend through a wide variety of devious practices and bear less and less relation to the investments in physical plant—the criteria of the early rate regulators. These devices include such items as stock splits (capitalized excess earnings); capitalization of "going concern" value and "good will"; use of an undepreciated rate base in the calculation of earnings; re-incorporation of fully depreciated, obsolete and seldom-used properties into the rate base as "stand-by" equipment; capitalization on the basis of present inflated plant reproduction cost instead of on the basis of lower original cost—the cost actually paid. Even if the regulatory commissions desired, they could not upset many of these values, as they have been securely fixed by decisions of the highest courts.

As to the vast and expanding area of regulation and supervision encompassed by the Eisenhower "partnership-with-business" contracts, there is likewise no relief from profiteering, corruption, and inefficiency. The avowed orientation here is not toward public service but permanence of the sequestered government market and its special-interest exploitation.

In the limited domain of competitive enterprise, as has been already intimated, there can be no lasting solution in the policeman's club (the punitive power of the state) for the enforcement of free and fair competition. This is not to say that the club should not be wielded. The anarchy of unbridled monopoly force with its needless destruction of small-scale enterprise and the human values that go with it must be hit—and hit hard. The little businessman must not be shunted en masse by monopolist conspiracy and maneuver into the bottomless pit. The more advanced capitalist societies did not wait for socialism to abolish child labor or to build the strength and security of the trade union. Neither will a militantly democratic people fail to resist monopolist encroachments. But there should be no illusion as to the limitations of "trust-busting." There is no sound hope for the realization of the dream of the 1949 Select Committee on Small Business of a "complete return to the many self-governing economic units to handle the multitudinous operations of our economy" or of the ending of "vertical integration of manufacturing and distribution."

From the hypocrisies, inefficiencies, and corruptions of the "regulated" and "supervised" areas of the national economy there is only one escape: public ownership and genuine planning. The "regulated" and "supervised" areas are almost inevitably the first points of entry. In their functioning the so-called "independent" government agencies, ineffective and fraudulent though that functioning has proven to be, are realistically related to the most highly exploitative segments of finance and industry. The transformation of these agencies into democratically directed instrumentalities of social ownership, control, and operation remains the essential program to return to the people their economic patrimony. It is still the way to rationally direct and plan our socially organized economy for the benefit of the people at large.

Notebook of an Old-Timer

by George H. Shoaf



Cuba Libre!—Sixty Years Ago

VIRTUALLY every war this country has fought since the Civil War had an aspect about it of stifling domestic discontent. One of these wars, ethically and morally inexcusable and indefensible, was the Spanish-American war. As an old-timer who as observer and critic experienced the vicissitudes of that war I wish to set down some of the facts of life as they existed during the Gay Nineties, facts that spotlight the fore-flushing misconduct of New York's *Four Hundred*, facts that reveal the desperate plight of millions of Americans who suffered untold hardship during a depression that needed the Spanish-American war to bring it to an end.

In his book, *The Dreadful Decade*, Don Seitz, managing editor of the old *New York World*, described the rascalities and corruption that made the Grant administration a moral stench leaving its flavor to infiltrate the succeeding administration. It was then that Jay Gould proclaimed: "Any time I want to I can hire one half the American people to shoot down the other half." It was then that Samuel J. Tilden, prominent New York politician, was moved to assert that "America is a nation of damned scoundrels." It was then that another political celebrity voiced the assumption that "Every American has his price, and many of them can be bought damned cheap." No one of consequence lifted his voice to deny and denounce these statements.

Then came the depression, and with it idle workers, idle factories and shops, with wheat being burned as fuel, cotton going begging at four cents a pound, and multitudes of people re-

duced to a starvation level. It is difficult to depict the situation the people faced and endured.

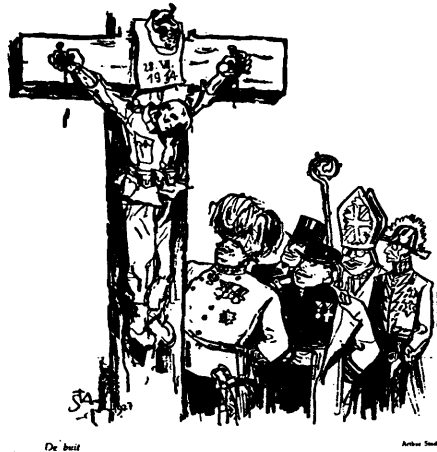
I WAS a young man during that depression period, a college graduate without a job. I cast my first vote for William J. Bryan more as a protest than from conviction. With others I sought a job, any kind of job, but there were no vacant jobs in San Antonio, Texas, where I was reared and lived. My people were impoverished and many times I knew my parents went hungry to feed younger members of the family. I had an uncle who owned and worked a farm near Pleasanton, south of San Antonio. To get to his farm, I walked the entire distance of 50 miles, on the assumption he might give me a job. En route I got desperately hungry.

Early one morning as I was passing a defunct cotton patch I smelled the odor of something cooking coming from a cabin in the rear of the patch. Smothering my pride, I decided to cross

the field to the cabin to beg for food. The door was open and across the room was a Negro woman stooping over a pan of hot cakes she was preparing for her breakfast. I tiptoed up behind her, reached over, seized the largest cake from the pan, and ran out the door with her following shouting loudly. But I did not stop. I recrossed the field at breakneck speed and soon outdistanced her. The cake was so hot I had to throw it from hand to hand to prevent being burnt. Never did I ever enjoy anything so much as that cake. Of course, it was plain robbery.

I remained only one day with my uncle. He had a house full of relatives who were visiting with him for the same purpose which impelled my visit. I returned to San Antonio forlorn. The only industries in San Antonio at that time were gambling joints, bawdy houses and saloons, as in Reno and Los Vegas. There was also a small machine shop, sponsored by the Southern Pacific Railway Company, and several cotton gins operated by Negroes, but all were full-manned. A jobless machinist tried his best to horn in on a job with the railway company. The foreman promised him a job at the first vacancy. One night one of the employed machinists was shot to death in his back yard. The job seeker promptly applied for and got the dead man's job. Who murdered the machinist was never disclosed, but many suspected the man who took his place knew more about the killing than he cared to tell.

Leaving San Antonio, I decided to strike out on my own. Arriving at Houston, Texas, I found conditions as bad as those I had left. As in San Antonio, street walkers roamed unmolested, all seeking to sell their bodies for the price of a square meal. Imagine my surprise when I was accosted by a girl I knew back in San Antonio. This girl came from a highly respectable family. She was, reduced to circumstances similar to mine, and had turned to prostitution as her only means of support. She had come to Houston to ply her profession thinking she would escape detection. She wept as she told me her story, but penniless as I was, what could I do to help her? She could have committed suicide—which later she did—but she was young, educated, loved life and wanted to live. After hearing her story, and considering the degrada-



tion to which I, a young college man, was reduced, I began to question the justice, the wisdom, the humanity of the American way of life.

IN Chicago and in other Northern and Eastern cities which I visited on job-begging expeditions I found conditions no better than those I left in Texas. This story related here is not new. It is a story of sordidness and wretchedness that history books, written by patrioteers, seek to minimize or ignore. But there are thousands of old timers like myself who vividly remember the agonizing days of the Gay Nineties.

Finally, the situation grew so intolerable that something had to be done. W. R. Hearst, sensational publisher, took the initiative in demanding action. He selected Spain as his target of attack. For decades Spanish rule in Cuba had been notorious. But Spain was not challenged by the United States through these decades until the then rampant depression required a foreign conflict by the United States. Led by Hearst, the commercial press, with few exceptions, portrayed the wickedness of

Spanish rule. Americans were induced to believe that human butchery was a social pastime with Spaniards, and that Cubans were victims of Spanish ferocity more vicious than anything in the annals of time. Americans fell for this propaganda, and when the battleship Maine was blown up in Havana Harbor—blown up from the inside, investigation later hinted—Americans began to call for war.

When war seemed to be certain, I returned to San Antonio where I witnessed the organization by Theodore Roosevelt of the Rough Riders at the old Fair Grounds several miles south of the city. Everybody was wild with enthusiasm for the war. Every morning "Colonel" Roosevelt emerged from the Menger Hotel, mounted his horse in waiting outside, and galloped down Commerce Street with all the éclat and acclaim of a conquering hero—to the delight of small children. Cowboys and adventurers enlisted in the Rough Riders, many really to get a job and to eat steady. Three young friends, schoolboy chums of mine, enrolled and went to fight for "Cuba Libre." I refused because at that time I had be-

come a socialist and a pacifist as far as foreign war was concerned. As a result of eating embalmed beef provided by a Northern packing house and army hard tack the three young men, with the end of the war, returned to San Antonio invalids. One of them shortly after died of dysentery. The other two boys never regained their health and strength. That Colonel Roosevelt was a valiant warrior was revealed in a statement later issued to the effect that during the battle of San Juan Hill he drew a bead on a fleeing Spanish boy and shot him in the back. "I got my man," exclaimed Roosevelt as he held up his smoking gun!

The war lessened if it did not entirely stop the depression. Cuban sugar and tobacco were admitted into this country duty free. Measures were taken to enlarge the army personnel, thereby drawing enlistments from the army of unemployed. New factories and plants were built, and workers hired, to manufacture products for an expected foreign market, and an air of exultant optimism everywhere prevailed. This continued until another recession occurred during 1907-1908.



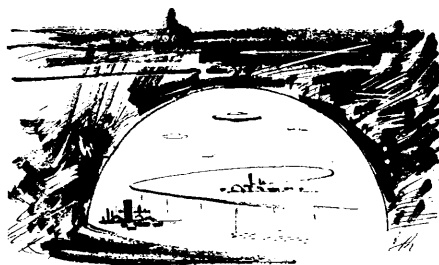
Utopia Revisited

THE YEAR 2000: A CRITICAL BIOGRAPHY OF EDWARD BELLAMY by Sylvia E. Bowman. Bookman Associates, New York, 1958, \$6.

WHEN Dr. Edward Aveling and his wife Eleanor—the daughter of Karl Marx—toured the United States as far west as Kansas in 1886, they expressed surprise at the prevalence of what they called "unconscious socialism." The "American people," they decided, "were waiting to hear in their own language what socialism was." They wondered that no major American writer had attempted to write a novel based on the national economic situation, and forecast that one day, the "*Uncle Tom's Cabin* of capitalism" would be written.

Two years later, in January 1888, Edward Bellamy brought out *Looking Backward*. The novel was an instantaneous success of phenomenal proportions. It has sold well over a half-million copies in the United States

alone, most of them within the decade immediately following publication. British editions have long since passed the quarter-million mark, and editions in all the major languages have made it one of the most widely read novels of all time. The American sale was amazing in a day when best sellers were distributed to the tune of ten or fifteen thousand. No other book, apart from *Uncle Tom's Cabin* itself, had ever had so wide a readership or so smashing an impact.



Bellamy himself had not been connected with any of the existing socialist currents at the time he wrote his novel. Born a clergyman's son in 1850 in the industrial town of Chicopee Falls, Massachusetts, where he lived all his life, he was a journalist and literary amateur of little more than local fame before his sudden leap into the limelight. After attending Union College at Schenectady, he lived for a year in Germany. He returned to read law, and at the

age of twenty-one was admitted to the bar, but he never actually practiced this profession, which he was later to depict in all his novels as an upholder of the plutocracy. His first case, the eviction of a widow for non-payment of rent, so repelled him that he took down his shingle.

His instinct for self-education and reflection led him toward the life of a recluse, a taste he was able to gratify by going in for journalism and fiction. His output consisted chiefly of editorial articles and book reviews for a variety of papers and magazines, of short stories and, including his two socialist romances, six novels. All of his writing was marked by a strong interest in social and political questions; his one historical novel, *The Duke of Stockbridge*, is a fairly interesting portrait of Shay's Rebellion of 1786. For a few years, he and his brother published their own daily newspaper, but for most of his life he made his way on an uncertain free-lance basis.

JUST what the direct source of his socialism was is not easy to say. His letters from Europe were said to have been "full of German socialism," and this is the most likely starting point one can find for his interest, even though, when a newspaper reporter asked him years later whether he had "imbibed" his ideas in Germany he answered: "Sir, the only thing I learned to imbibe in Germany was beer." The im-

portant thing is that socialist ideas were in the air throughout American society. The labor and farmer unrest of those years is, of course, well known. But even among Bellamy's middle classes, there was, in intellectual circles, a great disappointment over how the country was turning out, a bitter antagonism to the trusts, and a restless search to find some fulcrum to use

against the cash nexus which was taking over in all fields. That Bellamy was as much affected by all this as greater writers such as William Dean Howells, is apparent from much of his earlier writing.

The smashing success that greeted *Looking Backward* was clearly due to a number of obvious qualities. Bellamy styled it carefully to avoid offense: He deliberately

avoided the use of the term "socialism" as having too much of a foreign connotation; he was careful to provide a transition to his new order that was both painless and parliamentary; his tight logic and patient reasonableness were useful in forestalling objections; and he made everything as simple as possible. There is also no question that his talent for graphic similes and

Edward Bellamy and His Influence . . . by Sylvia E. Bowman

The following appreciation of Edward Bellamy was contributed to the American Socialist by the author of The Year 2000, which is reviewed in this space. Professor Bowman of Indiana University at Bloomington, Indiana, is at present gathering material for a second book, on Bellamy's influence at home and abroad. She would appreciate information from readers of the American Socialist furnishing instances and evidences of Bellamy's impact.

* * *

LOOKING BACKWARD was an instantaneous, fabulous success because—as Bellamy himself said—it appealed to the readers' hearts and to their intellects and because it was a synthesis of the ideas of the time. The answer which Bellamy proposed in *Looking Backward* and also in *Equality* to the social, economic, and political problems of his day was an industrial democracy which entailed state ownership of all production and distribution; which required that all citizens serve in the industrial or professional working forces; and which guaranteed all citizens—men, women, and children—economic equality.

In both of his Utopian novels, Bellamy asserted that without economic equality there could be no equality socially, educationally, or juridically. He also insisted that without economic equality—which he regarded not only as an extension of the rights guaranteed by the Constitution but also as a safeguard of the right of man to "life, liberty, and the pursuit of happiness"—there could be no moral society and no successful ideal state. To Bellamy, therefore, economic equality was the cornerstone upon which his ideal state rested—but the ideal state was to evolve from the political equality of democracy and from the religious humanitarianism which already existed but which was to be further developed in the hearts of men.

Because of the powerful picture *Looking Backward* presented of the ideal state and because of its American (and anti-Marxian) emphasis upon evolution, religion, and classless democracy, the novel had a tremendous appeal to the middle-class readers—and this during a period which, after the Haymarket Riot, witnessed the first "red scare." The inspired readers of *Looking Backward* spontaneously formed Bellamy Clubs which from 1888 to 1892 flourished in almost every state in the union. The rosters of these clubs indicate that the members were lawyers, professors, ministers, merchants, artists and journalists. Such people as De Leon, Eugene Debs, Clarence Darrow, William Dean Howells, B. O. Flower, the Reverend Bliss, the Reverend Edward Everett Hale, and many others were either members of the clubs or swayed by Bellamy's ideas. The clubs also contained former abolitionists, former followers of Henry George, Theosophists, socialists, labor leaders, and many Grangers.

Although the Bellamy movement was essentially an educational one which was to prepare the people for the ideal state, it became involved in politics. When the People's Party was organized, Bellamy urged his followers to give support to its platform. Although the People's Party failed politically, its platform—as has been pointed out by Commanger in *The American Mind*—influenced the progressive and liberal movements unto our own day. The features of this platform which Bellamy considered as Nationalist and as a means of taking a step toward the evolution of his ideal society, were, as he

wrote in 1892 to some Russian readers of *Looking Backward*, "namely, national conduct of the banking system, telegraph, telephone and railroads, together with others."

BELLAMY'S influence was not limited to the People's Party; for he was influential among the Christian Socialists, various labor and reform groups, the Social Democrats, and the Social Gospellers. His influence was not confined to his own century, for in the 1930's his Utopian novels and some of his articles were revived. One of the articles frequently reprinted in this period was the one in which he had sponsored government employment for the unemployed—a measure adopted during the New Deal.

During this same era, Bellamy Clubs were once again formed—not only in the United States but in New Zealand, South Africa, Holland, and Indonesia. Dr. Townsend reportedly presented his Townsend Plan first of all to a Bellamy Club and without any doubt the Technocrats of the 1930's borrowed ideas from Bellamy.

One of the most interesting phases of the story of the popularity and influence of *Looking Backward* is, however, the history of the book abroad. It was immediately translated into Danish, Spanish, Portuguese, Russian, Hebrew, French, German, Italian, Polish, Japanese, and other languages. In Germany, the novel was used by Bebel's Social-Democrats, and it also influenced the writing of several German utopian novels. In Italy, the book was published in pirated editions and in serial form; and it is estimated that nearly 300,000 copies were sold there. In Russia, Leo Tolstoy was instrumental in getting the book published. In Japan, the first translation was banned by the government, but the book was translated as late as 1953 by Professor Yamamoto who reports that it has been very successful. In France, several translations exist, but the latest was made in 1947—and the latest publication of the book in serial form was in 1957.

In England, Canada, Australia, and New Zealand *Looking Backward* was also very successful. Bellamy groups were formed in England in the 1890's, and a Bellamy newspaper was published. Because Bellamy's plan was so much like that of the Fabians, they—as well as labor groups—used the book to promote the socialist state. One of Bellamy's most famous admirers in England was George Bernard Shaw whose speeches about economic equality reflect the influence of Edward Bellamy.

In Holland today, there is still a Bellamy Association which has approximately two thousand members and which publishes a bi-monthly newspaper. Clubs also exist in Scotland and New Zealand, as well as in the state of California.

These facts should establish Edward Bellamy as one of the most influential and, therefore, important American writers of the nineteenth century—a fact recognized in the 1930's by John Dewey, Edward Weeks, and Charles Beard when each prepared separately a list of the most influential books published since 1885. On each list, *Looking Backward* was second; *Das Kapital* was first. Although Edward Bellamy was a product of his times (as I have pointed out in *The Year 2000*), he was a man of all times and of all countries. He was a writer for all people who—no matter how much they may have differed or how mistaken they may have been—dreamed of a better world to live in for themselves and for their children.

parables made interesting and convincing reading out of materials that are normally regarded dull.

But Bellamy's greatest single asset was his attunement to the American spirit of the times, which enabled him to capture a popular fancy where far abler and more profound minds had failed. Henry and Brooks Adams saw the same reality, but their response was to turn from it in disgust or despair to medievalism or visions of an apocalypse. William Dean Howells also wrote Utopian socialist novels, but they were morality tales. The American hatred of industrialism and the Mammon-ideal had been enshrined in Emerson and Thoreau, but these writers waned in popularity as their message seemed to diverge ever further from the practical needs of men in a land where industrialism and Mammon had definitely conquered.

BELLAMY'S great advantage was that he approached the issue from the standpoint of a social engineer, accepting and welcoming the changed America and providing detailed prescriptions for greater business efficiency—necessarily without the businessmen. His answer to the trusts was strongly appealing to a people which, for all its restment against the monsters of trade and production, shared almost to a man the businessman's fascination with a developing industrial America. The very detailedness of his textbook in the elements of a socialized economy had for the average discontented American the fascination of a rags to riches success story in which all could share. In addition to the rebel feelings of millions of Americans, Bellamy captured as well some of the same love for efficient industrial technique that made heroes of Edison, Steinmetz, Ford, and surrounded even the builders of the hated trusts with an aura of legend.

For all that, of course, Bellamy's book was a tract in socialism, and a very convincing one, too. The names are legion of those who owe their first interest in socialism to the book, including Debs, De Leon, most of the other great names of early socialism and surprising numbers of rank-and-file activists down to the present day. A movement sprang up immediately after the novel was published; Bellamy became a national figure. His Nationalist Clubs became the most important center for an Americanized socialism for a number of years and, although largely middle class in composition, were widely looked to by workers and farmers for a lead in the next rounds of battle. This they failed to provide; after a few experiments in electoral politics, the Nationalists accepted the invitation of the Populists to join with them, and then were, like the Populists, swallowed up in the Democratic Party in the Bryan campaign of 1896.

Bellamy added a second novel, *Equality*, to the socialist arsenal a decade later. Largely devoted to answering arguments that had been raised against his picture of the future society, it disappointed readers by its pedantic tone. Besides, the America of the end

of the century was no longer the seething country of the late eighties, and *Equality* had nowhere near the success of *Looking Backward*. Bellamy himself, disheartened by the fate of Populism, looked forward to the creation of a new party of socialism, but his death in 1898 prevented him from playing any part in the revival that was soon to come. His last decade of life seems to have been signally happier than his first forty years, for up to his success he had developed a coldness and misanthropy due to the long frustration of his youthful idealism.

While never a dynamic leader or interpreter of his current social scene, he often showed a closer appreciation of the currents of his time than later generations were to give him credit for. When a reviewer advised that he should have allowed seventy-five centuries for the attainment of his Utopia rather than a mere fifty years, he wrote a forceful reply in which he made use of the following striking simile: "As an iceberg, floating southward from the frozen North, is gradually undermined by warmed seas, and, become at last unstable, churns the sea to yeast for miles around by the mighty rockings that portend its overturn, so the barbaric industrial and social system, which has come down to us from savage antiquity, undermined by the modern humane spirit, riddled by the criticism of economic science is shaking the world with convulsions that presage its collapse."

PROFESSOR Bowman has consulted a large volume of source material and has had conversations with surviving family and friends. The book is an adequate factual survey of the man and his work. Where she has erred, in this reader's opinion, is in saving most material on the impact of *Looking Backward* for a second volume, and devoting half of the present book to a detailed presentation of Bellamy's ideas on a variety of subjects. Bellamy was neither so profound nor difficult a thinker as to require this extensive an interpretation; his thought is all there, on the surface, and in far more entertaining form, in his novels. It would have been better to omit or condense much of this, and to include instead the materials which have been saved for another book. But, be that as it may, when the two volumes are available they will undoubtedly constitute the indispensable source for studying Bellamy, his work, and his influence.

H. B.

Folly on Wheels

THE INSOLENT CHARIOTS by John Keats. J. B. Lippincott, New York, 1958, \$3.95.

WHEN America comes of age it will doubtless look back with mixed wonder and shame at one of its glaring symbols of immaturity—the automobile. John Keats, slightly ahead of his time but representing a growing awareness of such matters, has

pilloried Detroit and its works in this racy and informative little book.

The story as he tells it of the car and its effect on Americans is a macabre romance. The passionate love affair between the village rube and his four-wheeled sex-pot has become a frightful and blighted marriage: "In 58 short years the automobile became not only our nation's greatest single topic of conversation, but also unquestionably central to our economy. As the marriage wore on, the automobile's original appeal shrank in inverse proportion to the growth of her demands. She grew sow-fat while demanding bigger, wider, smoother roads. . . . Then, with all the subtlety of a madam affecting a lorgnette, she put tail fins on her overblown bustle, and sprouted wavering antennae from each fin. And, of course, her every whim was more costly than the last." As a result, in the recent beginnings of his age of disillusionment, the American has begun to stray, eyeing the petite European models.

The automobile is as good a touchstone of our economy and culture as any other; Keats poses some questions the answers to which tell much about the irrationality of both. "What is the real effect of the automobile on the nature of our society?" he asks. "What contribution has Detroit really made to the business community? Just where, pray tell, is Man in the automotive age?" In his answers the author does not pretend to probe very deeply, but he does present some acid truths.

The average American in this age is driving an over-powered car in a traffic jam, crawling in, or out of, or within a gas-fumed and dirty city; the car cost him not only more than it is really worth, but more than he can afford and more than necessary for good transportation; the vehicle is a fearsome deathtrap. Driving his Impala or his Corsair he feels not the sensation of adventure and power that he seeks, but rather a gnawing suspicion that he is a chump, and an ulcer-producing worry that he won't be able to make the next payment. The freedom of the open road is denied him; on the contrary, he has "entered the world of no U turn, no left turn, no right turn, stop, go, no parking and no standing."

WHO is responsible for the exorbitant cost, the esthetic vulgarity and the lack of sense in all this? The manufacturers? Or a public insistently demanding the worst? Keats seems to see a lot of guilt in the former, and some in the gullible party of the second part. But he heavily emphasizes the original sin in Detroit, where the big-breasted and wide-rumped chariots are dreamed up after formulae created by the motivational researchers.

For example, a rich diet and plenty of vitamins makes for ever-taller Americans; Detroit's conclusion from this anthropological change is that cars must be longer and lower. "Dispassionate research indicates," says Keats, "that the average roof of today's American car rises no higher than the average bellybutton in Oklahoma." The

irrationality seems inexplicable. "On most . . . pavement, a speed of more than 50 miles an hour is illegal, yet American speedometers indicate the possibility of hitting 140."

The more congested cities become, the longer the cars. Thus, "it has been estimated that if one foot were chopped off the lengths of all its automobiles, New York City would gain 80 additional miles of usable streets."

"Design of cars," Keats points out, "is steadily proceeding away from reality." One manufacturer copies the other, with the result that all the major makes represent a "crossbreeding" of the least desirable features of each. "All American automobiles cost too much," says Keats. "All fall apart within roughly the same time limits. Thus no real choice presents itself to the reasonable man." The result, thinks Keats, is a nation awaiting "the second coming of the Model T."

The manufacturers claim, however, that the public wants the "execrable shapes" no matter what the cost. The demise of the Model T, and the subsequent failure of a functional model by Chrysler, are given as proof. Quite probably, Americans wanted some beauty along with utility. But instead, we got a Charles Wilsonian concept of beauty, "the amorphous, amoeboid shape" replete with chrome and baroque design. Each year the choice is limited to "all new" models of the same, with additional bulges, lights, fins, glass, and gadgets, at additional cost.

DETROIT creates, it believes, a longing for these monsters, by spending millions to cultivate what Keats calls "the Cadillac syndrome." The cars are portrayed in advertising, at the cost of tens of millions of dollars, as the Organization Man's flight into individual power, the frustrated male's red hot mama, the housewife's achievement of status, and the poor man's moment of glory. Depth-probers decided cars should provide an outlet for people's "aggressive impulses." The manager of Chevrolet in 1957 publicly bragged that his outfit after much research had developed a door with a "big car sound." Thus are cars created to produce, cultivate and satisfy illusions. Of course, on this level, money means nothing. Who thinks about General Motors' average 20 percent profit, and phony jacked-up prices, in the dreamy syndromic world Detroit has made?

But the depth-probers sometimes slip, and of late have gotten in too deep. The Edsel, which Ford brought out in 1957 to satisfy what the biggest brains among the hidden persuaders told them was a crying need, was a flop. The Edsel was supposed to have everything the middle class American, and those who thought of themselves as middle class, wanted most in a car; it was a combination Buick, Chrysler, Cadillac, and Oldsmobile wrapped up under one magnificent hood. But it was rejected, and people began to buy a lot of plain little Volkswagens.

There was plenty of evidence of a grow-

ing market for a small, safe, economical car. None of these qualities appealed to the manufacturers. As far as price goes, they prefer to produce fewer, but more expensive cars during a downtrend in the market, and still make a relatively high profit.

Safety seems to be of little concern. "If Detroit were to sell a safe automobile, it would have to offer a radically different car. A Cornell University research team . . . estimated that 84 percent of lives lost (in car accidents) could have been saved by proper interior design."

For these unsafe cars, Americans pay a fantastically inflated price. The manufacturers set the price after piling everything including next year's excess profits tax onto the so-called cost of production. Then they brutally force too many cars on their subservient dealers, who sell at about 200 different prices for the same automobiles—whatever the market will bear. They lie, steal, and cheat, and count upon usurious interest rates on installment purchases for much of their profits.

So, Keats tells us, it's all coming to no good end. The market is getting glutted, and the public threatens to get sensible. He concludes by pleading with the manufacturers to become decent citizens and start making decent cars at a decent price. Its a good plea, but to a stacked jury.

J. G.

Security Hearing

THE SURVIVOR by Carl Marzani.
Cameron Associates, New York, 1958,
\$5.95.

IN *The Survivor*, Carl Marzani has assembled a dozen or so characters concerned with one of the typical dramas of our times—the loyalty hearing—and proceeds to examine their lives and philosophies in depth.

The time is 1947, which Marzani obviously considers a turning-point in our recent national history. The policy of the Grand Alliance which led to victory in the war is cracking apart under the blows of the Cold Warriors. Washington is in transition; the old leaders of the coalition are either—like Roosevelt—dead, or like Wallace and General Marshall increasingly under attack. The new policy of security orders, investigations, and cold war is being born with President Truman and Secretary Forrestal as midwives.

It is in this setting that a governmental hearing into the qualifications and associations of Marcus Aurelius Ferrante is conducted. Ferrante, Italian-born official of the Intelligence Division of the State Department and former OSS officer, is an independent radical whose outspoken opinion and Communist sister make him peculiarly vulnerable to the attacks of the FBI and McCarthyites. The novel depicts in great detail the course of the two days of the hearing and Ferrante's ultimate—if as we suspect, only temporary—vindication.

A broad gallery of characters is presented and the texture of the novel is enriched—

or perhaps cluttered—by lengthy flashbacks and passages from an autobiographical novel which Ferrante introduces to show the genesis of his opinions. A great deal of the material unquestionably springs from Marzani's own experiences, both as a government official and later as a prisoner of the McCarthy inquisition, and it makes absorbing reading. His knowledge of the intrigues and atmosphere of post-war Washington is extensive and a better corrective for the official version of these years could hardly be imagined.

PERHAPS the most interesting of all the portraits, both for its complexity and sympathetic understanding, is that of the retired Southern Senator and liberal, Richard Aldrich Bassett, who is the chairman of the hearing and "the survivor" of the title. It is his search for an understanding of how America has changed in the fifty years of his public life which provides the central philosophic thread of the book. Through his eyes, and by his recollections of the early struggles of Populism, we see the gradual encroachment of monopoly capital in America and the concomitant erosion of popular liberties. The portrait is of a type of political leader now dying out, a survivor from the era of Watson, LaFollette, and Borah, and Marzani is at his best when drawing it.

However, the central difficulty with *The Survivor* is that Marzani cannot make up his mind whether he is writing a novel or a political discourse. The arguments seem to me to be on the whole ably handled and he shows insight even into the positions of those characters with whom his sympathies are not great, but they are still *arguments* rather than *actions* and they frequently seem interminable. Indeed, it is hard to imagine another assemblage of persons who in two brief days could discuss so much of American history, from the post-bellum days of the Old South to the latest machinations of the China Lobby without showing any sign of breathlessness.

This excessive loquaciousness constantly interferes with both the course of the action and its credibility. Ferrante, for example, thinks nothing of pausing in the lobby outside the chamber where his whole future is to be determined to engage in twenty full pages of argument with the local *Daily Worker* representative. At such moments we cannot be blamed for feeling that reality is being rigged too much even for the novel of ideas.

It may be that my criticism is unfair. Perhaps Marzani quite deliberately selected the medium of a novel as the hat-rack upon which he could hang his historical and political observations. If that is the case, I think it is too bad. For he writes with ability and had he consented to the amputation of some fifty percent of his flashbacks and *ad hoc* discussions, he would still have had a sizable 220 pages left and a much more compelling work of fiction. And, I might add, a better piece of propaganda for his position, as well.

GEORGE HITCHCOCK

On the Press

AMERICAN LABOR IN MIDPASSAGE

BERT COCHRAN, Editor

THIS symposium on the status and prospects of the American labor movement, to be published soon by Monthly Review Press, grew out of last summer's special issue of Monthly Review and the American Socialist. More than half of the volume, however, is new material never published before.

In particular, Bert Cochran has added a long essay which breaks new ground and for the first time assembles the elements of a genuinely satisfactory theory of the American labor movement.

The book is an important contribution toward a program of orientation for the labor-liberal public. It will be of the greatest value both to people in the trade unions and to teachers and students of economics and American history.

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