

workers' liberty

reason in revolt



What Trotsky on Mexico can tell us about Venezuela and Chávez

By Paul Hampton

IN Venezuela, Hugo Chávez has nationalised companies in telecom and electricity privatised by previous administrations. Chávez says he wants to form a new Bolivarian socialist party. And he has announced the extension of communal councils and even “workers’ councils” as a means of recasting the state.

These measures and others such as co-management in workplaces deserve to be assessed on their own terms, something we will continue to do in the AWL. However Chávez’s plans are not without precedent and much can be learned from the attitude earlier Marxists took to comparable developments.

The closest analogy is probably with the regime of Lázaro Cárdenas, who was president of Mexico between 1934-40. Like Chávez, Cárdenas undertook radical nationalisations, turned over industries to workers’ administration and redistributed land. Like Chávez, Cárdenas formed a new ruling political party after he had taken power and sought to incorporate trade unions within it. The story of how Cárdenas marginalised and crushed independent working class politics (even with a left face) deserves to be more widely known – as it suggests Chávez may be in the process of doing the same thing.

The final reason for looking at this period is the testimony of Leon Trotsky, who lived in Mexico and observed first-hand the Cárdenas’ government and its relationship to Mexican workers. Trotsky’s analysis is rich with lessons. Looking at his assessment can help anchor our own analysis of Venezuela today.

THE Cárdenas period was both a product of and a reaction to the Mexican revolution (1910-1920). The revolution resulted in the defeat of the old landowners and their allies but also in the exhaustion of other contending classes, particularly the bourgeoisie and the working class.

During the 1920s Mexico was ruled by generals, with the backing of a state-sponsored union movement, the Regional Confederation of Mexican Workers (CROM) led by Luis Morones.

Álvaro Obregón was elected president in 1920 with the backing of the CROM. In return the CROM was recognised as the official union federation, as opposed to the independent General Confederation of Workers (CGT), the Industrial Workers’ of the World (IWW) and the revolutionary socialists who formed the Mexican Communist Party (PCM) in 1920.

CROM members took positions in the government. Morones became head of the Department of Military Manufacturing and Provisions. The CROM helped get Obregón’s protégé Elías Plutarcho Calles elected president in 1924. By the mid-1920s the CROM had become the dominant union, using scabs and thugs against its rivals. (Dan La Botz, *The Crisis of Mexican Labor*, 1988, pp.25-27).

Obregón stood for president again in 1928, having moved away from the CROM. However a Catholic fanatic assassinated Obregón on the eve of the vote and Morones was accused of being the “intellectual author” of the killing. Three men became president in the following five years and they turned on the CROM and promoted its rivals, with Calles the grey eminence in the background.

In March 1929 Calles formed the National



The Mexican revolution: detail from a mural by Diego Rivera

Revolutionary Party (PNR) and sought support from the labour movement. The PNR was “an amalgam of local political machines, most of them dominated by the military”. (Edwin Lieuwen, *Mexican militarism*, 1968, p.123)

The CROM fractured under pressure from the government and from the consequences of economic depression. Out of the disintegration of the CROM, a new organisation was formed which briefly stood outside the patronage of the state. The General Confederation of Workers and Peasants of Mexico (CGOCM), led by a former CROM leader, Vicente Lombardo Toledano, and Fidel Velázquez, was formed in October 1933 and organised strikes during the following year, including cutting off electric power to Mexico City for an hour in July 1934.

The first years of Cárdenas

LÁZARO Cárdenas was chosen by Calles as his candidate for the presidency in 1934. Cárdenas had been an acclaimed officer during the revolution and was made a general in 1920 at the age of 25. Between 1928 and 1932 he was governor of

his home state of Michoacán and loyal to Calles.

However Cárdenas asserted his independence during the election campaign by touring the country and urging workers and peasants to get organised. Although Lombardo did not support Cárdenas in 1933-34, the CGOCM was the main beneficiary of his calls for organisation.

After a visit to the USSR in 1935, Lombardo returned to Mexico as Stalin’s chief booster. “But most important, he returned convinced of the Stalinist policy of the Popular Front, the [Stalinist] alliance with democratic capitalist parties, and prepared to work to achieve it in Mexico. And, as Lombardo came to understand the Popular Front, that would mean an alliance between the labour movement and the government of Lázaro Cárdenas.” (La Botz p.59).

Cárdenas launched his first “six year plan” in 1934, designed to establish a “cooperative economic system tending towards socialism” and included an extensive public works programme, a labour code fixing minimum wages and regulating hours, land distribution, “socialist education” and aid to cooperatives.

He also reinforced his base in the military. Cárdenas cut the career spans of officers,

allowed soldiers to work part-time, increased the pay and allowances by 10% and opened schools for the education of children from military families. He provided soldiers with better housing and pensions, showering them with medals. Cárdenas urged soldiers to “serve the people, to sacrifice themselves to collective interests of the nation and to display democratic comradeship with civilians”. He also established “agrarian reserve” units.

When Calles sought to organise the overthrow of Cárdenas, Lombardo and PCM leaders Valentin Campa and Hernan Laborde met secretly on 12 June 1935 and agreed to unify the unions behind Cárdenas (This would later be summed up as “unity at all costs”). A conference was called by the electrical workers union SME and attended by unions in the rail, miners, tramway and graphic arts, as well as the CGOCM, the National House of Labour (CNT, remnants from the CROM) and the Stalinist union front the CSUM. The conference agreed to form the National Committee of Proletarian Defence (CNDP). As Arturo Anguiano has written: “The support of the workers grouped together in the CNDP constituted the principal support of the Cardenist regime”. (*El Estado y la política obrera del cardenismo*, 1975 p.55)

The CNDP organised a demonstration of 200,000 workers on 22 December 1935 in Mexico City and in other cities across the country in support of Cárdenas. In February 1936 Cárdenas intervened in a dispute in Monterrey. Workers at the anti-union La Vidriera company had formed their own union and come out on strike for wage increase. When the state governor recognised the strike, local employers organised a lock-out. The CNDP organised a demonstration of 20,000 workers in Monterrey on 10 February, at the end of which Cárdenas spoke.

He called on workers to unite and on 11 February 1936 issued his 14 points of presidential labour policy, stating: “If the employers are tired of the social struggle, they can turn their industries over to the workers or the government. That would be patriotic; the [employers’] strike is not.” On 18 February Cárdenas decreed that for every six days worked, workers would be paid for one day of rest.

This was immediately followed by a conference on 21-24 February 1936, when the Confederation of Mexican Workers (CTM) was formed. It consisted of the CGOCM, the CSUM, the CNT, the SME, rail union (STFRM) and miners and metal workers (SNTMMSRM), involving 3,000 organisations and 600,000 members. Its slogan was “For a society without classes”. Within two years it would have nearly a million members.

Lombardo, elected general secretary, proclaimed at the closing session that “we are positively free autonomous independents” and pledged that the “proletariat will fight at all costs to maintain its ideological and organisational independence”. In fact they did not fight for independent working class politics at all.

However the relationship between the state and the working class had a certain fluidity, well illustrated by the strikes during the years following the creation of the CTM.

In early 1936, the STFRM rail union began renegotiating its contract with the Mexican Southern Pacific line, a private company. The union picked up Cárdenas’ decree on the “paid seventh day” and threatened a strike. The company settled.

The union then turned to the state-owned Mexican National Railroad with the same demand. When the company refused, Cárdenas also rejected the workers’ demands. However he rather cryptically stated “a drastic solution, such as giving the railroads to the workers, would be better.”

The union went ahead with a strike on 18 May 1936, but it was declared “nonexistent” (illegal) by the arbitration committee. Military planes dropped leaflets telling workers of the government’s decision. With no solidarity action from the CTM, bar a token half-hour national strike on 18 June, the rail union backed off and accepted defeat.

The SME electrical union strike was a different experience. Around 3,000 members, working for the Anglo-Canadian firm Mexican Light voted by over 99% on 17 April 1936 to strike. Workers shut off power for 15 minutes on 18 June and struck on 16 July for a big pay rise. But they supplied power to the government and to emergency services. The union forced private hospitals to provide free care, and milk companies to provide cheap milk, in return for power.

It organised an electrical workers’ demonstration on the second day of the strike. Two days later the CTM organised a solidarity march (though not a general strike, as the SME wanted). The arbitration committee declared the strike legal and after the union leadership met with Cárdenas on 24 July, the strike was settled in two days, with victory to the workers.

Cárdenas veers left

Cárdenas enhanced his reputation as a leftist with an aggressive agrarian policy. During his presidency around 50 million acres (18 millions hectares) of land were distributed to peasants, mainly in the form of collective ejidos – double the entire amount of land redistributed since the revolution. Around half of all cultivated land was under the control of ejidos by 1940. With two-thirds of the population still living in the countryside, this gave Cárdenas a wide base of support.

Cárdenas’ social programmes also extended to education. He spent over 10 million pesos on education, earmarking twice as much than ever before for rural areas. As a result, literacy improved from 33% to 42% of the population. Life expectancy rose between 1930 and 1940 by nearly four years for men and by ten years for women.

The most important event of the Cárdenas period was the oil workers’ strike in 1937, which led to the nationalisation of the petroleum industry in 1938.

The relationship between Cárdenas and the oil workers predated his presidency. In early 1934, during his election campaign, Cárdenas encouraged oil workers to unite their fragmented organisation. In May 1934 a strike by the Union of Oil Workers of Minatitlan won a paid day off a week, a shorter working week, holidays and pensions. Other oil workers also took strike action, over the next year and a half, including one six-month long dispute. In August 1935, with further encouragement from Cárdenas, a national oil workers’ union, STPRM was formed with 7,000 members. It joined the CTM in 1936.

A strike wave across almost the entire oil industry began in May 1937 and lasted for 13 days. It was declared legal and supported by the CTM. Workers agreed to return to work on 9

June after the government agreed to set up an inquiry to study the industry and what the union claimed was a “conflict of economic order”. The panel ruled that foreign oil companies such as Royal Dutch/Shell and Standard Oil could afford pay rises and a cut in the working week. They refused, so on 18 March 1938, Cárdenas nationalised Mexico’s oil reserves and expropriated the equipment of the companies.

The announcement inspired a huge demonstration in Mexico City. Oil workers occupied the oil fields and refineries to prevent sabotage. The STPRM pushed for “worker administration” of the industry – but Cárdenas only agreed to a council with four government and three union representatives. Mexican oil immediately faced a boycott by the US and Britain, and was forced to sell to Nazi Germany and fascist Italy.

The ruling party

CÁRDENAS created the Party of the Mexican Revolution (PRM) on 30 March 1938. The PCM called for “the unification of popular sectors inside the new party”, describing it as “the special form of the People’s Front in Mexico”. It became “more cardenista than Cárdenas”, in the words of José Revueltas. (Anguiano pp.117, 167)

The PRM slogan was “For a workers’ democracy” and the CTM, together with the remnants of the CROM and the CGT became the labour sector of the new party. The new party had a corporative structure with four sectors represented: the labour movement, the peasants, the popular sector (of small holders and small businesses) and the army (until December 1940). The incorporation of the army allowed Cárdenas to reduce the power of the old revolutionary generals.

In May 1938 the government handed the administration of the railways over to the STFRM rail union. Cárdenas also passed a law on cooperatives, allowing workers to take over factories – though these tended to be bankrupt or small factories with aging machinery. On May Day a 100,000-strong uniformed workers’ militia paraded through the capital.

Cárdenas did not allow the CTM to hegemonise all workers. In August 1938 he created the National Confederation of Peasants (CNC) to include agricultural workers, coops and small property holders. He also forbade the organisation of government workers in the CTM, instead creating a separate federation, the FSTSE, in December 1938. The CNC and FSTSE were also incorporated in the PRM ruling party.

As Dan La Botz explained, “In most cases membership in the party was mandatory for union members, and upon being hired one automatically became a member of both the union and the party. In some cases union dues and party dues were deducted from a worker’s pay cheque.”

In February 1940 Cárdenas invited STPRM leaders to the National Palace, where he laid down his position on labour questions in the oil industry, including layoffs, pay cuts and management freedom to move workers. In July 1940 the government declared a “conflict of economic order” and its arbitration committee agreed. A new state-owned company, Petróleos Mexicanos (Pemex) was created and a strike ban imposed. When a strike started in a refinery in September 1940, it was broken up by federal troops.

Trotsky on Cárdenas

TROTSKY had been expelled from the USSR by Stalin in 1929, and spent the rest of his life trying to find a country which would let him stay. He arrived in Mexico on 9 January 1937. A longstanding Mexican Trotskyist, Manuel Rodríguez, suggested the asylum to his boss, General Francisco Mujica, a member of the Cárdenas cabinet (and his predecessor as governor of Michoacán). For Trotsky it became a life-or-death matter in November 1936, when it looked as though the Norwegian government might hand him over to the USSR.

Thanks to the efforts of other Mexican Trotskyists, such as the muralist Diego Rivera and Octavio Fernández, Cárdenas granted asylum on the condition that Trotsky would not interfere in Mexico’s domestic affairs. Trotsky accepted this condition, in a statement on his arrival, promising “complete and absolute non-intervention in Mexican politics and no less complete abstention from actions that might prejudice the relations between Mexico and other countries”. (*Writings* 1936-37 p.86)

Trotsky was forced to break with the Mexican “Trotskyist” organisation, the LCI, after six months in the country, when the LCI issued a manifesto calling for “direct action” against the high cost of living, implying that workers should attack shops. Coming at the time of the Moscow trials and the attacks on Trotsky by the Stalinists in Mexico, this was particularly stupid. After Trotsky’s intervention, the LCI dissolved itself for the remainder of 1937.

Trotsky publicly supported Cárdenas’ expropriation of the oil industry. On 23 April 1938 he wrote to the *Daily Herald* in Britain, pointing to the hypocrisy of the Chamberlain government and defending the move of the grounds of national economic development and independence. He argued that the Labour Party should set up a commission to investigate how much of the “living sap of Mexico” had been “plundered” by British capital. (*Writings* 1937-38 p.324)

He also criticised some of his Mexican supporters. On 15 April 1938 Trotsky wrote to the US Trotskyist James P Cannon:

“Galicia, in the name of the revived League [LCI], published a manifesto in which he attacked Cárdenas for his policy of compensating the expropriated capitalists, and posted this manifesto principally on the walls of the Casa del Pueblo. This is the ‘policy’ of these people.” (*Writings* 1937-38 p.314)

Trotsky wrote an article on 5 June 1938 in the US Trotskyist weekly *Socialist Appeal*, linking the Chamberlain government’s policy breaking diplomatic relations and boycotting Mexican oil with the uprising of General Cedillo in May.

He characterised the expropriation as a matter of self-determination. He wrote: “Semi-colonial Mexico is fighting for its national independence, political and economic. This is the basic meaning of the Mexican revolution at this stage... expropriation is the only effective means of safeguarding national independence and the elementary conditions of democracy.” (*Writings* 1937-38 p.359)

He compared “this courageous and progressive measure of the Mexican government” to the work of George Washington and Abraham Lincoln in the United States, adding that, “if Mexico should find itself forced to sell liquid gold to fascist countries, the responsibility for this act would fall fully and completely upon the governments of the imperialist ‘democracies.’” (*ibid* p.360)

He summed up his attitude thus: “Without succumbing to illusions and without fear of slander, the advanced workers will completely support the Mexican people in their struggle against the imperialists. The expropriation of oil is neither socialism nor communism. But it is a highly progressive measure of national self-defence.”

He reiterated his support, without losing sight of the character of the Mexican government: “The international proletariat has no reason to identify its programme with the programme of the Mexican government. Revolutionists have no need of changing colour, adapting themselves, and rendering flattery in the manner of the GPU school of courtiers, who in a moment of danger will sell out and betray the weaker side. Without giving up its own

identity, every honest working class organisation of the entire world, and first of all in Great Britain, is duty-bound—to take an irreconcilable position against the imperialist robbers, their diplomacy, their press, and their fascist hirelings.” (*Writings* 1937-38 p.361)

A particularly important article of Trotsky’s, in the light of the current situation, is one on freedom of the press, which he published in the first issue of *Clave* magazine (October 1938).

In the summer of 1938 Lombardo began a campaign against the reactionary press in Mexico, intent on placing it under “democratic censorship” or banning it altogether. Trotsky was unequivocal in opposing this drive. He wrote: “Both theory and historical experience testify that any restriction of democracy in bourgeois society is, in the final analysis, invariably directed against the proletariat... Consequently, any working class ‘leader’ who arms the bourgeois state with special means for controlling public opinion in general and the press in particular is, precisely, a traitor.” (*Writings* 1937-38 p.417)

“Even though Mexico is a semi-colonial country, it is also a bourgeois state, and in no way a workers’ state. However, even from the standpoint of the interests of the dictatorship of the proletariat, banning bourgeois newspapers or censoring them does not in the least constitute a ‘programme’, or a ‘principle’ or an ideal set up. Measures of this kind can only be a temporary, unavoidable evil...”

“It is essential to wage a relentless struggle against the reactionary press. But workers cannot let the repressive fist of the bourgeois state substitute for the struggle that they must wage through their own organisations and their own press... The most effective way to combat the bourgeois press is to expand the working class press... The Mexican proletariat has to have an honest newspaper to express its needs, defend its interests, broaden its horizon, and prepare the way for the socialist revolution in Mexico.” (*ibid* pp.418, 419-420)

Trotsky began to write about developments in the unions in



Cárdenas

mid-1938. Before the Stalinist-organised pan-American trade union congress in Mexico City on 6-8 September 1938, which set up the Confederation of Latin American Workers (CTAL), he wrote (in the name of Diego Rivera) to denounce Toledano's links with Stalin. He wrote that Lombardo was "a 'pure' politician, foreign to the working class, and pursuing his own aims". His ambition was "to climb to the Mexican presidency on the backs of the workers" and in pursuit of that aim had "closely intertwined his fate with the fate of the Kremlin oligarchy". (*Writings* 1937-38 p.426)

He also denounced in public (through Rivera and the US SWP) the apparent visit of PCM leader Hernan Laborde to the USSR, when in fact he had been in New York receiving orders from the CPUSA. Trotsky had in on good authority that Laborde had been briefed to create an atmosphere in Mexico "for the physical liquidation of Trotsky and some of his friends". (*Writings* 1937-38 p.441)

His attitude seems to have hardened after the CTAL conference, when Trotskyists such as Mateo Fossa were excluded for their politics. He was also prompted by the increased attacks on him by the Stalinist bureaucrats in the unions. After Lombardo Toledano presented a dossier to the CTM congress on 25 February 1938, it voted "unanimously" for the expulsion of Trotsky from Mexico.

Then the August 1938 issue of the CTM magazine *Futuro* carried an attack on him by Lombardo, accusing him of organising a general strike against Cárdenas during the oil expropriations.

Trotsky distinguished between leaders and the unions: "Toledano of course will repeat that we are 'attacking' the CTM. No reasonable worker will believe this rubbish. The CTM, as a mass organisation, as a mass organisation, has every right to our respect and support. But just as the democratic state is not identical with its minister at any given time, so a trade union organisation is not identical with its secretary." (*Writings* 1938-9, p.22)

Other attacks followed. The PCM leader Laborde accused him of having links with General Cedillo. Lombardo also claimed that Trotsky had met with fascists during a summer holiday trip. Trotsky's response was to offer to participate in a public investigation into Lombardo's charges.

Trotsky also sought to galvanise an opposition to the Stalinists and the bureaucrats in CTAL, drafting a statement intended for publication. It stated: "[In Mexico] the unions, unfortunately, are directly dependent on the state" and "posts in the union bureaucracy are frequently filled from the ranks of the bourgeois intelligentsia, attorneys, engineers etc".

He described the way these bureaucrats gave themselves a left cover by becoming "friends of the USSR". He described how they kept control of the unions: "they ferociously trample on workers' democracy and stifle any voice of criticism, acting as outright gangsters towards organisations that fight for the revolutionary independence of the proletariat from the bourgeois state and from foreign imperialism." (*Writings* 1938-39 p.83)

Trotsky went further in November 1938, arguing that the trade unions in Mexico were "constitutionally stultified". He told his closest collaborators that, "they incorporate the workers, the trade unions, which are already stratified. They incorporate them in the management of the railroad, the oil industry, and so on, in order

to transform the trade union leadership into government representatives... In that sense, when we say 'the control of production by the workers', it cannot mean control of production by the stratified bureaucrats of the trade unions, but control by the workers of their own bureaucracy and to fight for the independence of the trade unions from the state." (*Writings supplement* 1934-40, p.791)

"In Mexico, more than anywhere, the struggle against the bourgeoisie and the government consists above all in freeing the trade unions from dependence on the government... the class struggle in Mexico must be directed towards winning the independence of the trade unions from the bourgeois state."

He made it clear that revolutionaries would continue to work in the unions, including the teachers' union (STERM) and the CTM. (*Writings* 1938-39 p.146)

He reiterated this in his critique of the anarchist CGT leaders, who decided to support the "centrist" candidate from the ruling party in the presidential election. He wrote on 31 December 1938, "The elementary duty of the revolutionary Marxist consists in carrying out systematic work in the mass proletarian organisations and above all in the trade unions. This duty includes the CTM, the CGT, and trade unions in general." (*Writings* 1938-39 p.172)

He criticised the second six-year plan in March 1939 for a participation proposal which "threatens to incorporate a bureaucratic hierarchy of the unions etc, without precise delimitation, into the bureaucratic hierarchy of the state". He went as far as to characterise the unions as "totalitarian". (*Writings* 1938-39 p.222, p.227)

This advocacy of intervention in even the most reactionary unions remained in all Trotsky's articles until the end of his life. For example Clave carried articles in 1940 on the first congress of the STERM teachers' union and on the 7th national council of the CTM, both characterised by little democracy.

Trotsky made few remarks on the nature of the Mexican regime in the first eighteen months of his asylum, and when he did, these were brief allusions. For example in the article on the freedom of the press in August 1938 he described Mexico's democracy as "anaemic".

The first elaboration of his view was set out to his close collaborators Charles Curtiss, Sol Lankin and "Robinson" in a discussion on 4 November 1938.

He argued that "a semi-democratic, semi-Bonapartist state... now exists in every country in Latin America, with inclinations towards the masses", adding that, "in these semi-Bonapartist-democratic governments the state needs the support of the peasants and through the weight of the peasants disciplines the workers. That is more or less the situation in Mexico". (*Writings supplement* 1934-40, pp.784-785)

What did Trotsky mean by Bonapartism? He had employed the concept to understand the regime in Germany before Hitler and to describe the situation in France in the mid-1930s. He summed it up succinctly in March 1935: "By Bonapartism we mean a regime in which the economically dominant class, having the qualities necessary for democratic methods of government, finds itself compelled to tolerate – in order to preserve its possessions – the uncontrolled command of a military and police apparatus over it, of a crowned 'saviour'. This kind of situation is created in periods when the class contradictions have become particularly acute; the aim of Bonapartism is to prevent explosions." (*Writings* 1934-35 pp.206-07)

In his discussion with comrades in November 1938, he explained: "We see in Mexico and the other Latin American countries that they skipped over most stages of development. It began in Mexico directly by incorporating the trade unions in the state. In Mexico we have a double domination. That is, foreign capital and the national bourgeoisie, or as Diego Rivera formulated it, a 'sub-bourgeoisie' – a stratum which is controlled by foreign capital and at the same time opposed to the workers; in Mexico a semi-Bonapartist regime between foreign capital and national capital, foreign capital and the workers... They create a state capitalism which has nothing to do with socialism. It is the purest form of state capitalism." (*Writings supplement* 1934-40, pp.790-791)

Discussing the ruling party's second six year plan in March 1939 (which had been endorsed by the CTM) Trotsky described how "the government defends the vital resources of the country, but at the same time it can grant industrial concessions, above all in the form of mixed corporations, i.e. enterprises in which the government participates (holding 10%, 25%, 51% of the stock, according to the circumstances) and writes into the contracts the option of buying out the rest after a certain period of time".

Summing up he wrote: "The authors of the programme [i.e. the plan] wish to completely construct state capitalism within a period of six years. But nationalisation of existing enterprises is one thing; creating new ones is another... The country we repeat is poor. Under such conditions it would be almost suicidal to close the doors to foreign capital. To construct state capitalism, capital is necessary." (*Writings* 1938-39 pp.226-227)

Trotsky never equivocated on the nature of the ruling party, including the character of the PRM created by Cárdenas in March 1938. In his discussion with comrades in November 1938 he argued: "The Guomindang in China, the PRM in Mexico, and the APRA in Peru are very similar organisations. It is a people's front in the form of a party... our organisation does not participate in the APRA, Guomindang, or PRM, that it preserves absolute freedom of action and criticism." (*Writings supplement* 1934-40, p.785)

At the beginning of 1939, prospective candidates in the PRM resigned their posts and began to campaign for the presidency, which would take place in July 1940.

At the outset the candidates were Francisco Mujica on the "left", Manuel Ávila Camacho in the centre and Juan Andreu Almazán on the right. The PCM and Lombardo threw their support behind Ávila Camacho, calling for "unity behind the

only candidate that can defeat reaction".

Trotsky condemned the support for Ávila Camacho offered by the CGT, and wrote: "At the present time there is no workers party, no trade union that is in the process of developing independent class politics and that is able to launch an independent candidate. Under these conditions, our only possible course of action is to limit ourselves to Marxist propaganda and to the preparation of a future independent party of the Mexican proletariat." (*Writings* 1938-39 p.176)

Later he registered his attitude toward Diego Rivera, who had broken with the Fourth International and briefly supported Mujica. Trotsky wrote: "You can imagine how astonished I was when Van accidentally met the painter [Rivera], in company with Hidalgo, leaving the building of the Pro-Mujica Committee carrying bundles of pro-Mujica leaflets which they were loading into the painter's station wagon. I believe that was the first we learned of the new turn, or the passing of the painter from 'third period anarchism' to 'people's front politics'. The poor Casa del Pueblo followed him on all these steps." (*Writings* 1938-39 p.293).

Despite Mexico's relative economic backwardness in the 1930s, Trotsky did not rule out the possibility that its workers might seize power – even before their counterparts in the US. (*Writings supplement* 1934-40, p.785) However he was concerned about a mechanical interpretation of permanent revolution as applied to Mexico by some of the LCI.

"The Fourth International will defend... [Mexico] against imperialist intervention... But as the Mexican section of the Fourth International, it is not our state and we must be independent of the state. In this sense we are not opposed to state capitalism in Mexico; but the first thing we demand is our own representation of workers before this state. We cannot permit the leaders of the trade unions to become functionaries of the state. To attempt to conquer the state in this way is absolute idiocy. It is not possible in this manner peacefully to conquer power. It is a petty bourgeois dream..."

"I believe we must fight with the greatest energy this idea that the state can be seized by stealing bits of the power. It is the history of the Guomindang. In Mexico the power is in the hands of the national bourgeoisie, and we can conquer power only by conquering the majority of the workers and a great part of the peasantry, and then overthrowing the bourgeoisie. There is no other possibility." (*Writings supplement* 1934-40, p.792, p.793).

Trotsky's evaluation of developments in Mexico went through a series of stages and modifications, as the battle between the state and the working class was played out. In the last eighteen months of his life, in discussions with Mexican socialists, he further clarified his views on the nature of the regime and the ruling party, its relationship to the unions and on workers' administration.

The first collaboration of note was with Francisco Zamora, a member of the editorial board of Clave who had also sat on the Dewey Commission. He was a professor of economics at the National University of Mexico and a member of the first committee of the CTM. Between October 1938 and May 1939 Zamora published a series of articles in the magazine *Hoy*, which contain some ideas influenced by Trotsky.

Zamora criticised the CTM and CGT leaders and pointed to how their bourgeois politics had accommodated with the Mexican state. He argued that the Mexican revolution, particularly in its agrarian relations, was unfinished. However he



Trotsky in Teotihuacán, near Mexico City

predicted that Ávila Camacho would not continue the work of Cárdenas, but rather destroy it.

Zamora also discussed the way the state represented the interests of the dominant class, although during periods of stalemate allowed the state “a certain momentary independence” – alluding to the idea of Bonapartism.

Around the same time Trotsky held discussions with the Trotskyist Octavio Fernández on the nature of the Mexican revolution. Between February and April 1939, Fernández published three articles in *Clave* with a wealth of statistical material dealing concretely with the Mexican social formation and in particular with the peasantry and the working class.

Fernández distinguished between the military-police form of Bonapartism of the Calles period and the “petty-bourgeois-democratic Bonapartism” of Cárdenas. He also argued that the expropriation of the oil industry was made possible by the international crisis of relations between the imperialist powers. He believed that further expropriations were unlikely as long as a bourgeois government was in power in Mexico. He nevertheless urged workers to push the nationalisations as far as possible, to press the government not to pay compensation, to set up control committees in factories and for price control committees. (León Trotsky, *Escritos Latinamericanos* 1999 pp.233-234)

In a later article in *Clave*, Qué ha sido y adónde va la revolución mexicana (November-December 1939), Fernández warned that in Mexico, everyone was a “revolutionary” and for “the revolution”. This was because the Mexican revolution (1910-20) was “aborted”, in the sense of an unfinished bourgeois revolution – but in a country where the working class was increasingly becoming an independent factor.

Probably Trotsky’s most important discussion took place with Rodrigo García Treviño, an official at the CTM. Following the exchange, Trotsky wrote a paper on whether revolutionaries should participate in the workers’ administration established in the nationalised rail and oil industries (reprinted here).

García Treviño wrote an article quoting (anonymously) passages from Trotsky’s document – including on Bonapartism sui generis and the concluding emphasis on the need for a revolutionary party. He praised the workers’ administration as just as efficient as under the previous management — for example by

centralising production — and rejecting the hostility of the Stalinists towards it.

But he pointed out that in the rail industry, workers had also been saddled with the old debts of the company. He criticised the form of control because it could not break out of the laws of the bourgeois economy, the firm was bankrupt and because compensation was paid. He said that although workers had a bigger say in the industries, the state remained in control and pointed out that cooperatives could be a “cruel and merciless” form of exploitation of the working class.

Trotsky was unable to add much over the next year. The world was sucked into another global war and as hostilities began, a huge faction fight took place in the Trotskyist organisation in the United States, the SWP. On top of that, the Stalinists in Mexico stepped up their attacks on Trotsky’s asylum and prepared the ground for the GPU assassins to do their work.

For example PCM leader Laborde accused Trotsky of involvement in a rail crash in its paper *La Voz de Mexico* in April 1939. Lombardo’s press, including *Futuro* magazine and the daily paper *El Popular* slandered him during the early months on 1940. Trotsky again proposed a public commission of investigation of the charges.

On 24 May 1940 a serious attempt was made to murder Trotsky, with the Stalinist painter David Siqueiros leading an armed assault on his house at night.

Accused of slandering the Stalinists, Trotsky offered to take the matter to court. He identified the role of the GPU, which had begun making plans to kill him from April 1939. These plans were stepped up by Vittorio Cordovilla, a Stalinist agent who arrived in Mexico in late 1939 and organised a purge of the party (including its leaders Laborde and Campa) for not prosecuting the anti-Trotsky campaign hard enough. Within months of this intervention, Trotsky’s life was ended by a Stalinist ice axe to the head.

On Trotsky’s desk at the time of his death was an unfinished manuscript from April 1940 on the trade unions, with a valuable assessment of the relationship between the state and the working class in Mexico and similar countries. Entitled *Trade Unions in the Epoch of Imperialist Decay*, it once more characterised the Cárdenas regime as Bonapartist.

Trotsky also distinguished between different forms of Bonapartism, with some leaning “in a democratic direction, seeking support among workers and peasants”, while others “install a form close to military-police dictatorship”.

He criticised the nationalisation of the railways and oil fields as aimed simultaneously at foreign capital and the workers – and registered that these industries were run by the union bureaucracy for the bourgeois state.

Trotsky also repeated his assessment that the Mexican trade unions had been transformed into semi-state institutions – but maintained that Marxists still had the possibility of working inside them. But he emphasised the need for workers’ organisations to assert their own independent politics, from the state and the labour bureaucracy, and to fight for trade union democracy.

One thing is clear from comparing Mexico in the late 1930s with the situation today (especially in Venezuela), and that is that Mexico’s history anticipated present political issues of strategy and tactics in almost every case — the nationalisations, workers’ participation, coup attempts, union splits, the press, the creation of a ruling party etc. — as part of the creation of a Bonapartist regime. And in almost every case, Trotsky set out a clear position for how Marxists would navigate in these circumstances.

Of course, we cannot read off mechanically from the past what to say and do in the present. For one thing, Venezuela and Mexico today are much more industrially developed than in Trotsky’s time, and the form of domination by the US is different today than it was in the 1930s. And the Venezuelan UNT trade union federation is not today incorporated in the state but is an independent movement with some militant and longstanding rank and file forces.

But our tradition is an anchor – it demands a critical stance. Other Marxists, including Trotskyists in Mexico and elsewhere in Latin America, have used Trotsky’s comments to develop their analysis of the Mexican regime in terms of Bonapartism – and applied to to other cases, such as Peron in Argentina and Velasco in Peru. Events in Venezuela under Chávez should be assessed on their own terms. However much can be learned from the attitude other Marxists took to comparable developments.

Nationalised Industry and Workers’ Management

By Leon Trotsky

[Written in early 1939. First published in *Fourth International*, August 1946. (Our emphasis in italics throughout)]

IN the industrially backward countries foreign capital plays a decisive role. Hence the relative weakness of the national bourgeoisie in relation to the national proletariat. This creates special conditions of state power. The government veers between foreign and domestic capital, between the weak national bourgeoisie and the relatively powerful proletariat. This gives the government a bonapartist character sui generis of a distinctive character. It raises itself, so to speak, above classes. Actually, it can govern either by making itself the instrument of foreign capitalism and holding the proletariat in the chains of a police dictatorship, or by manoeuvring with the proletariat and even going so far as to make concessions to it and thus gaining the possibility of a certain freedom toward the foreign capitalists. The present policy [of the Mexican government] is in the second stage; its greatest conquests are the expropriations of the railroads and the oil industries.

These measures are entirely within the domain of state capitalism. However, in a semi-colonial country state capitalism finds itself under the heavy pressure of private foreign capital and of its governments, and cannot maintain itself without the active support of the workers. That is why it tries, without letting the real power escape from its hands, to place on the workers’ organisations a considerable part of the responsibility for the march of production in the nationalised branches of industry.

What should be the policy of the workers’ party in this case? It would of course be a disastrous error, an outright deception, to assert that the road to socialism passes, not through the proletarian revolution, but through nationalisation by the bourgeois state of various branches of industry and their transfer into the hands of the workers’ organisations. But it is not a question of that. The bourgeois government has itself carried through the nationalisation and has been compelled to ask participation of the workers in the management of the nationalised industry. One can of course evade the question by citing the fact that unless the proletariat takes possession of the power, participation by the trade unions in the management of the enterprises of state capitalism cannot give socialist results. However, such a negative policy from the revolutionary wing would not be understood by the masses and would strengthen the opportunist positions. For Marxists it is not a question of building socialism with the hands of the bourgeoisie, but of utilising the situations which present themselves within state capitalism and advancing the revolutionary movement of the workers.

Participation in bourgeois parliaments can no longer give important positive results; under certain conditions it even leads to the demoralisation of the worker-deputies. But this is not an argument for revolutionists in favour of anti-parliamentarism.

It would be inexact to identify the policy of workers’ participation in the management of nationalised industry with the participation of socialists in a bourgeois government (which we called ministerialism). All the members of the government are bound

together by ties of solidarity. A party represented in the government is answerable for the entire policy of the government as a whole. Participation in the management of a certain branch of industry allows full opportunity for political opposition. In case the workers’ representatives are in a minority in the management, they have every opportunity to declare and publish their proposals which were rejected by the majority, to bring them to the knowledge of the workers, etc.

The participation of the trade unions in the management of nationalised industry may be compared to the participation of

The various capitalist enterprises, national and foreign, will inevitably enter into a conspiracy with the state institutions to put obstacles in the way of the workers’ management of nationalised industry.

socialists in the municipal governments, where the socialists sometimes win a majority and are compelled to direct an important municipal economy, while the bourgeoisie still have domination in the state and bourgeois property laws continue. Reformists in the municipality adapt themselves passively to the bourgeois regime. Revolutionists in this field do all they can in the interests of the workers and at the same time teach the workers at every step that municipality policy is powerless without conquest of state power.

The difference, to be sure, is that in the field of municipal government the workers win certain positions by means of democratic elections, whereas in the domain of nationalised industry the government itself invites them to take certain posts. But this difference has a purely formal character. In both cases the bourgeoisie is compelled to yield to the workers certain spheres of activity. The workers utilise these in their own interests.

It would be light-minded to close one’s eye to the dangers which flow from a situation where the trade unions play a leading role in nationalised industry. The basis of the danger is the connection of the trade union top leaders with the apparatus of state capitalism, the transformation of mandated representatives of the proletariat into hostages of the bourgeois state. But however great this danger may be, it constitutes only a part of a general danger, more exactly, of a general sickness, that is to say, the bourgeois degeneration of the trade union apparatus in the imperialist epoch not only in the old

metropolitan centres but also in the colonial countries. The trade union leaders are, in an overwhelming majority of cases, political agents of the bourgeoisie and of its state. In nationalised industry they can become and already are becoming direct administrative agents. Against this there is no other course than the struggle for the independence of the workers’ movement in general, and in particular through the formation within the trade unions of firm revolutionary nuclei which are capable, while at the same time maintaining the unity of the trade union movement, of struggling for a class policy and for a revolutionary composition of the leading bodies.

A danger of another sort lies in the fact that the banks and other capitalist enterprises, upon which a given branch of nationalised industry depends in the economic sense, may and will use special methods of sabotage to put obstacles in the way of the workers’ management, to discredit it and push it to disaster. The reformist leaders will try to ward off this danger by servile adaptation to the demands of their capitalist providers, in particular the banks. The revolutionary leaders, on the contrary, will draw the conclusion from the sabotage by the banks; that it is necessary to expropriate the banks and to establish a single national bank which would be the accounting house of the whole economy. Of course this question must be indissolubly linked to the question of the conquest of power by the working class.

The various capitalist enterprises, national and foreign, will inevitably enter into a conspiracy with the state institutions to put obstacles in the way of the workers’ management of nationalised industry. On the other hand, the workers’ organisations which are in the management of the various branches of nationalised industry must join together to exchange their experiences, must give each other economic support, must act with their joint forces on the government, on the conditions of credit, etc. Of course such a central bureau of the workers’ management of nationalised branches of industry must be in closest contact with the trade unions.

To sum up, one can say that this new field of work includes within it both the greatest opportunities and the greatest dangers. The dangers consist in the fact that through the intermediary of controlled trade unions state capitalism can hold the workers in check, exploit them cruelly and paralyse their resistance. The revolutionary possibilities consist in the fact that, basing themselves upon their positions in the exceptionally important branches of industry, the workers can lead the attack against all the forces of capital and against the bourgeois state. Which of these possibilities will win out? And in what period of time? It is naturally impossible to predict. That depends entirely on the struggle of the different tendencies within the working class, on the experience of the workers themselves, on the world situation. In any case, to use this new form of activity in the interests of the working class, and not of the labor aristocracy and bureaucracy, only one condition is needed; that a revolutionary Marxist party exist which carefully studies every form of working class activity, criticises every deviation, educates and organises the workers, wins influence in the trade unions and assures a revolutionary workers’ representation in nationalised industry.



A stylised picture of "the Mexican revolution" — without class definition — by David Siqueiros, the Stalinist painter who tried to murder Trotsky

Trade Unions in the Epoch of Imperialist Decay

By Leon Trotsky

[Written April 1940. First published in *Fourth International*, October 1941 This version is abridged with our emphasis. Full version at www.marxists.org]

THERE is one common feature in the development, or more correctly the degeneration, of modern trade union organisations in the entire world: it is their drawing closely to and growing together with the state power. This process is equally characteristic of the neutral, the Social-Democratic, the Communist and "anarchist" trade unions. This fact alone shows that the tendency towards "growing together" is intrinsic not in this or that doctrine as such but derives from social conditions common for all unions.

Monopoly capitalism does not rest on competition and free private initiative but on centralised command. The capitalist cliques at the head of mighty trusts, syndicates, banking consortiums, etcetera, view economic life from the very same heights as does state power; and they require at every step the collaboration of the latter. In their turn the trade unions in the most important branches of industry find themselves deprived of the possibility of profiting by the competition between the different enterprises. They have to confront a centralised capitalist adversary, intimately bound up with state power. Hence flows the need of the trade unions — insofar as they remain on reformist positions, i.e., on positions of adapting themselves to private property — to adapt themselves to the capitalist state and to contend for its cooperation.

In the eyes of the bureaucracy of the trade union movement the chief task lies in "freeing" the state from the embrace of capitalism, in weakening its dependence on trusts, in pulling it over to their side. This position is in complete harmony with the social position of the labour aristocracy and the labour bureaucracy, who fight for a crumb in the share of super-profits of imperialist capitalism. The labour bureaucrats do their level best in words and deeds to demonstrate to the "democratic" state how reliable and indispensable they are in peace-time and especially in time of war. By transforming the trade unions into organs of the state, fascism invents nothing new; it merely draws to their ultimate conclusion the tendencies inherent in imperialism.

Colonial and semi-colonial countries are under the sway not of native capitalism but of foreign imperialism. However, this does not weaken but on the contrary, strengthens the need of direct, daily, practical ties between the magnates of capitalism and the governments which are in essence subject to them — the governments of colonial or semi-colonial countries. *Inasmuch as imperialist capitalism creates both in colonies and semi-colonies a stratum of labour aristocracy and bureaucracy, the latter requires the support of colonial and semi-colonial governments, as protectors, patrons and, sometimes, as arbitrators. This constitutes the most important social basis for the Bonapartist and semi-Bonapartist character of governments in the colonies and in backward countries generally.* This likewise constitutes the basis for the dependence of reformist unions upon the state.

In Mexico the trade unions have been transformed by law into semi-state institutions and have, in the nature of things, assumed a semi-totalitarian character. The stationing of the trade unions was, according to the conception of the legislators, introduced in the interests of the workers in order to assure them an influence upon the governmental and economic life. But insofar as foreign

imperialist capitalism dominates the national state and insofar as it is able, with the assistance of internal reactionary forces, to overthrow the unstable democracy and replace it with outright fascist dictatorship, to that extent the legislation relating to the trade unions can easily become a weapon in the hands of imperialist dictatorship.

From the foregoing it seems, at first sight, easy to draw the conclusion that the trade unions cease to be trade unions in the imperialist epoch. They leave almost no room at all for workers' democracy which, in the good old days, when free trade ruled on the economic arena, constituted the content of the inner life of labour organisations. In the absence of workers' democracy there cannot be any free struggle for the influence over the trade union membership. And because of this, the chief arena of work for revolutionists within the trade unions disappears. Such a position, however, would be false to the core. We cannot select the arena and the conditions for our activity to suit our own likes and dislikes. It is infinitely more difficult to fight in a totalitarian or a semi-totalitarian state for influence over the working masses than in a democracy. The very same thing likewise applies to trade unions whose fate reflects the change in the destiny of capitalist states. We cannot renounce the struggle for influence over workers in Germany merely because the totalitarian regime makes such work extremely difficult there. We cannot, in precisely the same way, renounce the struggle within the compulsory labour organisations created by Fascism.

All the less so can we renounce internal systematic work in trade unions of totalitarian and semi-totalitarian type merely because they depend directly or indirectly on the workers' state or because the bureaucracy deprives the revolutionists of the possibility of working freely within these trade unions. It is necessary to conduct a struggle under all those concrete conditions which have been created by the preceding developments, including therein the mistakes of the working class and the crimes of its leaders.

In the fascist and semi-fascist countries it is impossible to carry on revolutionary work that is not underground, illegal, conspiratorial. Within the totalitarian and semi-totalitarian unions it is impossible or well-nigh impossible to carry on any except conspiratorial work. It is necessary to adapt ourselves to the concrete conditions existing in the trade unions of every given country in order to mobilise the masses not only against the bourgeoisie but also against the totalitarian regime within the trade unions themselves and against the leaders enforcing this regime.

The primary slogan for this struggle is: complete and unconditional independence of the trade unions in relation to the capitalist state. This means a struggle to turn the trade unions into the organs of the broad exploited masses and not the organs of a labour aristocracy.

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THE second slogan is: trade union democracy. This second slogan flows directly from the first and presupposes for its realisation the complete freedom of the trade unions from the imperialist or colonial state.

In other words, the trade unions in the present epoch cannot simply be the organs of democracy as they were in the epoch of free capitalism and they cannot any longer remain politically neutral, that is, limit themselves to serving the daily needs of the working class. They cannot any longer be anarchistic, i.e. ignore the decisive influence of the state on the life of peoples and classes. They can no longer be reformist, because the objective

conditions leave no room for any serious and lasting reforms.

The trade unions of our time can either serve as secondary instruments of imperialist capitalism for the subordination and disciplining of workers and for obstructing the revolution, or, on the contrary, the trade unions can become the instruments of the revolutionary movement of the proletariat.

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FROM what has been said it follows quite clearly that, in spite of the progressive degeneration of trade unions and their growing together with the imperialist state, the work within the trade unions not only does not lose any of its importance but remains as before and becomes in a certain sense even more important work than ever for every revolutionary party. The matter at issue is essentially the struggle for influence over the working class. Every organisation, every party, every faction which permits itself an ultimistic position in relation to the trade union, i.e., in essence turns its back upon the working class, merely because of displeasure with its organisations, every such organisation is destined to perish. And it must be said it deserves to perish.

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INASMUCH as the chief role in backward countries is not played by national but by foreign capitalism, the national bourgeoisie occupies, in the sense of its social position, a much more minor position than corresponds with the development of industry. Inasmuch as foreign capital does not import workers but proletarianises the native population, the national proletariat soon begins playing the most important role in the life of the country. In these conditions the national government, to the extent that it tries to show resistance to foreign capital, is compelled to a greater or lesser degree to lean on the proletariat. On the other hand, the governments of those backward countries which consider inescapable or more profitable for themselves to march shoulder to shoulder with foreign capital, destroy the labour organisations and institute a more or less totalitarian regime. Thus, the feebleness of the national bourgeoisie, the absence of traditions of municipal self-government, the pressure of foreign capitalism and the relatively rapid growth of the proletariat, cut the ground from under any kind of stable democratic regime.

The governments of backward, i.e., colonial and semi-colonial countries, by and large assume a Bonapartist or semi-Bonapartist character; and differ from one another in this, that some try to orient in a democratic direction, seeking support among workers and peasants, while others install a form close to military-police dictatorship. This likewise determines the fate of the trade unions. They either stand under the special patronage of the state or they are subjected to cruel persecution.

Patronage on the part of the state is dictated by two tasks which confront it. First, to draw the working class closer thus gaining a support for resistance against excessive pretensions on the part of imperialism; and, at the same time, to discipline the workers themselves by placing them under the control of a bureaucracy.

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DOES this mean that in the epoch of imperialism independent trade unions are generally impossible? It would be fundamentally incorrect to pose the question this way.

Impossible are the independent or semi-independent reformist trade unions. Wholly possible are revolutionary trade unions which not only are not stockholders of imperialist policy but which set as their task the direct overthrow of the rule of capitalism. In the epoch of imperialist decay the trade unions can be really independent only to the extent that they are conscious of being, in action, the organs of proletarian revolution.

In this sense, the program of transitional demands adopted by the last congress of the Fourth International is not only the program for the activity of the party but in its fundamental features it is the program for the activity of the trade unions.

The development of backward countries is characterised by its combined character. In other words, the last word of imperialist technology, economics, and politics is combined in these countries with traditional backwardness and primitiveness. This law can be observed in the most diverse spheres of the development of colonial and semi-colonial countries, including the sphere of the trade union movement. Imperialist capitalism operates here in its most cynical and naked form. It transports to virgin soil the most perfected methods of its tyrannical rule.

The nationalisation of railways and oil fields in Mexico has of course nothing in common with socialism. It is a measure of state capitalism in a backward country which in this way seeks to defend itself on the one hand against foreign imperialism and on the other against its own proletariat. The management of railways, oil fields, etcetera, through labour organisations has nothing in common with workers' control over industry, for in the essence of the matter the management is effected through the labour bureaucracy which is independent of the workers, but in return, completely dependent on the bourgeois state. This measure on the part of the ruling class pursues the aim of disciplining the working class, making it more industrious in the service of the common interests of the state, which appear on the surface to merge with the interests of the working class itself.

As a matter of fact, the whole task of the bourgeoisie consists in liquidating the trade unions as organs of the class struggle and substituting in their place the trade union bureaucracy as the organ of the leadership over the workers by the bourgeois state. *In these conditions, the task of the revolutionary vanguard is to conduct a struggle for the complete independence of the trade unions and for the introduction of actual workers' control over the present union bureaucracy, which has been turned into the administration of railways, oil enterprises and so on.*

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the desert and about to die of hunger. The Lord opened the skies and let manna come. But the Jews had to get up early in the morning, before the sun rose; if they overslept themselves the sun would melt the manna, and they would have nothing to eat. They had to get up early, and go out, and stoop down and pick up the manna and put it in baskets and take it to their tents and eat it.

With the appearance of the manna on earth the miracle ended. But the miracles that happen in this capitalist system of production are so wonderful that those recorded in the Bible don't hold a candle to them. The Jews had to do some work, but I, stock-holding capitalist, need do no work at all. I can turn night into day, and day into night. I can lie flat on my back all day and all night; and every three months my manna comes down to me in the shape of dividends. Where does it come from? What does the dividend represent?

In the factory of which my broker bought stock, workmen, thousands of them, were at work; they have woven cloth that has been put upon the market to the value of \$7,000; out of the \$7,000 that the cloth is worth my wage workers receive \$2,000 in wages, and I receive the \$5,000 as profits or dividends. Did I, who never put my foot inside of the mill; did I, who never put my foot inside of New Bedford; did I, who don't know how a loom looks; did I, who contributed nothing whatever toward the weaving of that cloth; did I do any work whatever toward producing those \$5,000 that came to me? No man with brains in his head instead of sawdust can deny that those \$7,000 are exclusively the product of the wage workers in that mill. Out of the wealth thus produced by them alone, they get \$2,000 in wages, and I, who did nothing at all, I get the \$5,000.

The wages these workers receive represent wealth that they have themselves produced; the profits that the capitalist pockets represent wealth that the wage workers produced, and that the capitalist, does what? — let us call things by their names — that the capitalist steals from them.

You may ask: But is that the rule, is not that illustration an exception? Yes, it is the rule; the exception is the other thing.

The leading industries of the United States are today stock concerns, and thither will all others worth mentioning move. An increasing volume of capital in money is held in stocks and shares. The individual capitalist holds stock in a score of concerns in different trades, located in different towns, too many and too varied for him even to attempt to run. By virtue of his stock, he draws his income from them; which is the same as saying that he lives on what the workingmen produce but are robbed of. Nor is the case at all essentially different with the concerns that have not yet developed into stock corporations.

Again, you may ask: The conclusion that what such stockholders live on is stolen wealth because they evidently perform no manner of work is irrefutable, but are all stockholders equally idle and superfluous? Are there not some who do perform some work? Are there not "directors"?

There are "directors," but these gentlemen bear a title much like those "generals" and "majors" and "colonels" who now go about, and whose general ship, majorship and colonelship consisted in securing substitutes during the war.

These "directors" are simply the largest stockholders, which is the same as to say that they are the largest sponges; their directorship consists only in directing conspiracies against rival "directors," in bribing legislatures, executives and judiciaries, in picking out and hiring men out of your midst to serve as bellwethers, that will lead you, like cattle, to the capitalist shambles, and tickle you into contentment and hopefulness while you are being fleeced. The court decisions removing responsibility from the "directors" are numerous and increasing; each such decision establishes, from the capitalist government's own mouth, the idleness and superfluousness of the capitalist class.

These "directors," and the capitalist class in general, may perform some "work," they do perform some "work," but that "work" is not of a sort that directly or indirectly aids production, any more than the intense mental strain and activity of the "work" done by the pickpocket is directly or indirectly productive.

Finally, you may ask: No doubt the stockholder does no work, and hence lives on the wealth we produce; no doubt these "directors" have a title that only emphasizes their idleness by a swindle, and, consequently, neither they are other than sponges on the working class; but did not your own illustration start with the supposition that the capitalist in question had \$100,000, is not his original capital entitled to some returns?

This question opens an important one; and now I shall, as I promised you, take you into my confidence; I shall raise the curtain which I pulled down before the question, Where did I get it? I shall now let you pry into my secret.

Whence does this original capital, or "original accumulation," come? Does it grow on the capitalist like hair on his face, or nails on his fingers and toes? Does he secrete it as he secretes sweat from his body? Let me take one illustration of many.

Before our present Governor, the Governor of New York was Levi Parsons Morton. The gentleman must be known to all of you. Besides having been Governor of the Empire State, he was once Vice President of the nation, and also at one time our Minister to France. Mr Morton is a leading "gentleman"; he wears the best of broadcloth; his shirt bosom is of spotless white; his nails are trimmed by manicurists; he uses the elitest language; he has front pews in a number of churches; he is a pattern of morality, law and order; and he is a multimillionaire capitalist. How did he get his start millionaire-ward? Mr.

Morton being a Republican, I shall refer you to a Republican journal, the *New York Tribune*, for the answer of this interesting question. *The Tribune* of the day after Mr. Morton's nomination for Governor in 1894 gave his biography.

There we are informed that Mr. Morton was born in New Hampshire of poor parents; he was industrious, he was clever, he was pushing, and he settled, a poor young man, in New York City, where in 1860, mark the date, he started a clothing establishment; then, in rapid succession, we are informed that he failed, and started a bank!

A man may start almost any kind of a shop without a cent. If the landlord gave him credit for the rent, and the brewer, the shoe manufacturer, the cigar manufacturer, etc., etc., give him credit for the truck, he may start a saloon, a shoe shop, a cigar shop, etc., etc., without any cash, do business and pay off his debt with the proceeds of his sales. But there is one shop that he cannot start in that way. That shop is the banking shop. For that he must have cash on hand. He can no more shave notes without money than he can shave whiskers without razors.

Now, then, the man who just previously stood up before a notary public and swore "So help him, God," he had no money to pay his creditors, immediately after, without having in the meantime married an heiress, has money enough to start a bank on! Where did he get it?

Read the biographies of any of our founders of capitalist concerns by the torchlight of this biography, and you will find them all to be essentially the same, or suggestively silent upon the doings of our man during the period that he gathers his "original accumulation." You will find that "original capital" to be the child of fraudulent failures and fires, of high-handed crime of some sort or other, or of the sneaking crime of appropriating trust funds, etc. With such "original capital" — gotten by dint of such "cleverness," "push" and "industry" as a weapon, the "original" capitalist proceeds to fleece the working class that has been less "industrious," "pushing" and "clever" than he. If he consumes all his fleecings, his capital remains of its original size in his hands, unless some other gentleman of the road, gifted with greater "industry," "push" and "cleverness" than he, comes around and relieves him of it; if he consume not the whole of his fleecings, his capital moves upward, million-ward.

The case is proved. Labor alone produces all wealth. Wages are that part of labor's own product that the workingman is allowed to keep. Profits are the present and running stealings perpetrated by the capitalist upon the workingman from day to day, from week to week, from month to month, from year to year. Capital is the accumulated past stealings of the capitalist, cornerstoned upon his "original accumulation."

Who of you before me fails now to understand, or would still deny that, not the capitalist supports the workingman, but the workingman supports the capitalist; or still holds that the workingman could not exist without the capitalist? If any there be, let him raise his hand and speak up now. None? Then I may consider this point settled, and shall move on.

The class struggle

The second point, on which it is absolutely necessary that you be clear, is the nature of your relation, as working people, to the capitalist in this capitalist system of production. This point is an inevitable consequence of the first.

You have seen that the wages you live on and the profits the capitalist riots in are the two parts into which is divided the wealth that you produce. The workingman wants a larger and larger share. So does the capitalist. A thing cannot be divided into two shares so as to increase the share of each.

If the workingman produces, say, \$4 worth of wealth a day, and the capitalist keeps 2, there are only 2 left for the workingman. If the capitalist keeps 3, there is only 1 left for the workingman. If the capitalist keeps three and a half, there is only half left for the workingman. Inversely, if the workingman pushes up his share from one-half to 1, there are only 3 left to the capitalist. If the workingman secures 2, the capitalist will be reduced to 2. If the workingman push still onward and keep 3, the capitalist will have to put up with 1.

And if the workingman makes up his mind to enjoy all that he produces, and keep all the 4, the capitalist will have to go to work.

These plain figures upset the theory about the workingman and the capitalist being brothers.

Capital — meaning the capitalist class — and labour have been portrayed by capitalist illustrated papers as Chang and Eng. The Siamese Twins were held together by a piece of flesh. Wherever Chang went, Eng was sure to go. If Chang was happy, Eng's pulse throbbed harder. If Chang caught cold, Eng sneezed in chorus with him. When Chang died, Eng followed suit within five minutes.

Do we find that to be the relation of the workingman and the capitalist? Do you find that the fatter the capitalist, the fatter also grows the workingmen? Is not your experience rather that the wealthier the capitalist, the poorer are the workingmen? That the more magnificent and prouder the residences of the capitalist, the dingier and humbler become those of the workingmen? That the happier the life of the capitalist's wife, the greater the opportunities of his children for enjoyment and education, the heavier becomes the cross borne by the workingmen's wives, while their children are crowded more and more from the schools and deprived of the pleasures of childhood? Is that your experience, or is it not?

The pregnant point that underlies these pregnant facts is that:

Between the working class and the capitalist class, there is an irrepressible conflict, a class struggle for life. No glib-tongued politician can vault over it, no capitalist professor or official statistician can argue it away; no capitalist parson can veil it; no labour fakir can straddle it; no "reform" architect can bridge it over. It crops up in all manner of ways, like in this strike, in ways that disconcert all the plans and all the schemes of those who would deny or ignore it. It is a struggle that will not down, and must be ended, only by either the total subjugation of the working class, or the abolition of the capitalist class.

Thus you perceive that the theory on which your "pure and simple" trade organizations are grounded, and on which you went into this strike, is false. There being no "common interests," but only hostile interests, between the capitalist class and the working class, the battle you are waging to establish "safe relations" between the two is a hopeless one.

Put to the touchstone of these undeniable principles the theory upon which your "pure and simple" trade organizations are built, and you will find it to be false; examined by the light of these undeniable principles the road that your false theory makes you travel and the failures that have marked your career must strike you as its inevitable result. How are we to organize and proceed? you may ask. Before answering the question, let me take up another branch of the subject. Its presentation will sweep aside another series of illusions that beset the mind of the working class, and will, with what has been said, give us a sufficient sweep over the ground to lead us to the right answer.

Let us take a condensed page of the country's history. For the sake of plainness, and forced to it by the exigency of condensation, I shall assume small figures.

Place yourselves back a sufficient number of years with but 10 competing weaving concerns in the community. How the individual 10 owners came by the "original accumulations" that enabled them to start as capitalists you now know. Say that each of the 10 capitalists employs 10 men; that each man receives \$2 a day, and that the product of each of the 10 sets of men in each of the 10 establishments is worth \$40 a day. You know now also that it is out of these \$40 worth of wealth, produced by the men, that each of the 10 competing capitalists takes the \$20 that he pays the 10 men in wages, and that out of that same \$40 worth of wealth he takes the \$20 that he pockets as profits. Each of these 10 capitalists makes, accordingly, \$120 a week.

This amount of profits, one should think, should satisfy our 10 capitalists. It is a goodly sum to pocket without work. Indeed, it may satisfy some, say most of them. But if for any of many reasons it does not satisfy any one of them, the whole string of them is set in commotion.

"Individuality" is a deity at whose shrine the capitalist worships, or affects to worship. In point of fact, capitalism robs of individuality, not only the working class, but capitalists themselves. The action of any one of the lot compels action by all; like a row of bricks, the dropping of one makes all the others drop successively.

Let us take No. 1. He is not satisfied with \$120 a week. Of the many reasons he may have for that, let's take this: He has a little daughter; eventually, she will be of marriageable age; whom is he planning to marry her to? Before the public, particularly before the workers, he will declaim on the "sovereignty" of our citizens, and declare the country is stocked with nothing

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but "peers." In his heart, though, he feels otherwise. He looks even upon his fellow capitalists as plebeians; he aspires at a prince, a duke, or at least a count for a son-in-law; and in visions truly reflecting the vulgarity of his mind he beholds himself the grandfather of prince, duke or count grandbrats. To realize this dream he must have money; princes, etc., are expensive luxuries. His present income, \$120 a week, will not buy the luxury. He must have some more.

To his employees he will recommend reliance on heaven; he himself knows that if he wants more money it will not come from heaven, but must come from the sweat of his employees' brows.

As all the wealth produced in his shop is \$40 a day, he knows that, if he increases his share of \$20 to \$30, there will be only \$10 left for wages. He tries this. He announces a wage reduction of 50 per cent.

His men spontaneously draw themselves together and refuse to work; they go on strike.

What is the situation? In those days it needed skill, acquired by long training, to do the work; there may have been corner loafers out of work, but not weavers; possibly at some great distance there may have been weavers actually obtainable, but in those days there was neither telegraph nor railroad to communicate with them; finally, the nine competitors of No. 1, having no strike on hand, continued to produce, and thus threatened to crowd No. 1 out of the market. Thus circumstanced, No. 1 caves in. He withdraws his order of wage reduction.

"Come in," he says to his striking workmen, "let's make up; labour and capital are brothers; the most loving of brothers sometimes fall out; we have had such a falling out; it was a slip; you have organized yourselves in a union with a \$2 a day wage scale; I shall never fight the union; I love it, come back to work." And the men did. Thus ended the first strike.

The victory won by the men made many of them feel bold. At their first next meeting they argued: "The employer wanted to reduce our wages and got left; why may not we take the hint and reduce his profits by demanding higher wages; why should we not lick him in an attempt to resist our demand for more pay?"

But the labour movement is democratic. No one man can run things. At that union meeting the motion to demand higher pay is made by one member, another must second it; amendments, and amendments to the amendments, are put with the requisite seconders; debate follows; points of order are raised, ruled on, appealed from and settled; in the meantime it grows late, the men must be at work early the next morning, the hour to adjourn arrives, and the whole matter is left pending. Thus much for the men.

Now for the employer. He locks himself up in his closet. With clenched fists and scowl on brow, he gnashes his teeth at the victory of his "brother" labor, its union and its union regulations. And he ponders. More money he must have and is determined to have. This resolution is arrived at with the swiftness and directness which capitalists are capable of.

Differently from his men, he is not many, but one. He makes the motion, seconds it himself, puts it, and carries it unanimously. More profits he shall have. But how? Aid comes to him through the mail. The letter carrier brings him a circular from a machine shop. Such circulars are frequent even today. It reads like this:

"Mr. No. 1, you are employing 10 men. I have in my machine shop a beautiful machine with which you can produce, with five men, twice as much as now with 10. This machine does not chew tobacco, it does not smoke." Some of these circulars are cruel and add: "This machine has no wife who gets sick and keeps it home to attend to her. It has no children who die, and whom to bury it must stay away from work. It never goes on strike. It works and grumbles not. Come and see it."

Invention

RIGHT here let me lock a switch at which not a few people are apt to switch off and be banked. Some may think, "Well, at least that machine capitalist is entitled to his profits; he surely is an inventor."

A grave error. Look into the history of our inventors, and you will see that those who really profited by their genius are so few that you can count them on the fingers of your hands, and have fingers to spare.

The capitalists either take advantage of the inventor's stress and buy his invention for a song; the inventor believes he can make his haul with his next invention; but before that is perfected, he is as poor as before, and the same advantage is again taken of him; until finally, his brain power being exhausted, he sinks into a pauper's grave, leaving the fruit of his genius for private capitalists to grow rich on; or the capitalist simply steals the invention and gets his courts to decide against the inventor.

From Eli Whitney down, that is the treatment the inventor, as a rule, receives from the capitalist class.

Such a case, illustrative of the whole situation, happened recently. The Bonsack Machine Co. discovered that its employees made numerous inventions, and it decided to appropriate them wholesale. To this end, it locked out its men, and demanded of all applicants for work that they sign a contract whereby, in "consideration of employment" they assign to the company all their rights in whatever invention they may make during the term of their employment.

One of these employees, who had signed such a contract, informed the company one day that he thought he could invent a machine by which cigarettes could be held closed by crimping at the ends, instead of pasting. This was a valuable idea; and he was told to go ahead. For six months he worked at this invention and perfected it; and, having during all that time

received not a cent in wages or otherwise from the company, he patented his invention himself.

The company immediately brought suit against him in the federal courts, claiming that the invention was its property; and the federal court decided in favour of the company, thus robbing the inventor of his time, his money, of the fruit of his genius, and of his unquestionable rights.

"Shame?" Say not "Shame!" He who himself applies the torch to his own house has no cause to cry "Shame!" when the flames consume it. Say rather, "Natural!", and smiting your own breasts, say, "Ours the fault!" Having elected into power the Democratic, Republican, Free Trade, Protection, Silver or Gold platforms of the capitalist class, the working class has none but itself to blame if the official lackeys of that class turn against the working class the public powers put into their hands.

The capitalist owner of the machine shop that sends the circular did not make the invention.

A man may stand starvation and resist the sight of starving wife and children; but if he has no where-with to buy medicine to save the life of a sick wife or child, he loses all control...

TO return to No. 1. He goes and sees the machine; finds it to be as represented; buys it; puts it up in his shop; picks out of his 10 men the five least active in the late strike; sets them to work at \$2 a day as before; and full of bows and smirks, addresses the other five thus: "I am sorry I have no places for you; I believe in union principles and am paying the union scale to the five men I need; I don't need you now; good bye. I hope I'll see you again." And he means this last as you will presently perceive.

What is the situation now? No. 1 pays, as before, \$2 a day, but to only five men; these, with the aid of the machine, now produce twice as much as the 10 did before; their product is now \$80 worth of wealth; as only \$10 of this goes in wages, the capitalist has a profit of \$70 a day, or 250 per cent more. He is moving fast toward his prince, duke or count son-in-law.

Now watch the men whom his machine displaced; their career throws quite some light on the whole question. Are they not "American citizens"? Is not this a "Republic with a Constitution"? Is anything else wanted to get a living? Watch them!

They go to No. 2 for a job; before they quite reach the place, the doors open and five of that concern are likewise thrown out upon the street. What happened there? The "individuality" of No. 2 yielded to the pressure of capitalist development. The purchase of the machine by No. 1 enabled him to produce so much more plentifully and cheaply; if No. 2 did not do likewise, he would be crowded out of the market by No. 1. No. 2, accordingly, also invested in a machine, with the result that five of his men are also thrown out.

These 10 unemployed proceed to No. 3, hoping for better luck there. But what sight is that that meets their astonished eyes? Not five men, as walked out of Nos. 1 and 2, but all No. 3's 10 have landed on the street; and, what is more surprising yet to them, No. 3 himself is on the street, now reduced to the condition of a workingman along with his former employees. What is it that happened there? In this instance the "individuality" of No. 3 was crushed by capitalist development. The same reason that drove No. 2 to procure the machine rendered the machine indispensable to No. 3. But having, differently from his competitors Nos. 1 and 2, spent all his stealings from the workingmen, instead of saving up some, he is now unable to make the purchase; is, consequently, unable to produce as cheaply as they; is, consequently, driven into bankruptcy, and lands in the class of the proletariat, whose ranks are thus increased.

The now 21 unemployed proceed in their hunt for work, and make the round of the other mills. The previous experiences are repeated. Not only are there no jobs to be had, but everywhere workers are thrown out, if the employer got the machine; and if he did not, workers with their former employers, now ruined, join the army of the unemployed.

What happened in that industry happened in all others. Thus the ranks of the capitalist class are thinned out, and the class is made more powerful, while the ranks of the working class are swelled, and the class is made weaker. This is the process that explains how, on the one hand, your New Bedford mills become the property of ever fewer men; how, according to the census, their aggregate capital runs up to over \$14,000,000; how, despite "bad times," their profits run up to upwards of \$1,300,000; how, on the other hand, your position becomes steadily more precarious.

No. 1's men return to where they started from. Scab they will not. Uninformed upon the mechanism of capitalism, they know not what struck them; and they expect "better times," just as so many equally uninformed workingmen are expecting today; in the meantime, thinking thereby to hasten the advent of the good times, No. 1's men turn out the Republican party and turn in the Democratic, turn out the Democratic and turn in the Republican, just as our misled workingmen are now

doing, not understanding that, whether they put in or out Republicans, Democrats, Protectionists or Free Traders, Goldbugs or Silverbugs, they are every time putting in the capitalist platform, upholding the social principle that throws them out of work or reduces their wages.

But endurance has its limits. The superintendent of the Pennsylvania Railroad for the Indiana Division, speaking, of course, from the capitalist standpoint, recently said: "Many solutions are being offered for the labor question; but there is just one and no more. It is this: Lay a silver dollar on the shelf, and at the end of a year you have a silver dollar left; lay a workingman on the shelf, and at the end of a month you have a skeleton left."

"This," said he, "is the solution of the labor problem." In short, starve out the workers.

No. 1's men finally reach that point. Finally that happens that few if any can resist. A man may stand starvation and resist the sight of starving wife and children; but if he has no where-with to buy medicine to save the life of a sick wife or child, he loses all control. On the heels of starvation, sickness follow, and No. 1's men throw to the wind all union principles. They are now ready to do anything to save their dear ones. Cap in hand, they appear before No. 1, the starch taken clean out of them during the period they "lay on the shelf." They ask for work. They themselves offer to work for \$1 a day.

And No. 1, the brother of labor, who but recently expressed devotion to the union, what of him? His eyes sparkle at "seeing again" the men he had thrown out, at their offer to work for less than the men now employed. His chest expands, and, grabbing them by the hand in a delirium of patriotic ecstasy, he says: "Welcome, my noble American citizens. I am proud to see you ready to work and earn an honest penny for your dear wives and darling children. I am delighted to notice that you are not, like so many others, too lazy to work. Let the American eagle screech in honor of your emancipation from the slavery of a rascally union. Let the American eagle wag his tail an extra wag in honor of your freedom from a dictatorial walking delegate. You are my long lost brothers. Go in, my \$1-a-day brothers!" and he throws his former \$2-a-day brothers heels over head upon the sidewalk.

When the late \$2-a-day men have recovered from their surprise, they determine on war. But what sort of war? Watch them closely, and you may detect many a feature of your own in that mirror. "Have we not struck," argue they, "and beaten this employer once before? If we strike again, we shall again beat him." But the conditions have wholly changed.

In the first place, there were no unemployed skilled workers during that first strike; now there are; plenty of them, dumped upon the country, not out of the steerage of vessels from Europe, but by the native-born machine.

In the second place, that very machine has to such an extent eliminated skill that, while formerly only the unemployed in a certain trade could endanger the jobs of those at work in that trade, now the unemployed of all trades, virtually the whole army of the unemployed, bear down upon the employed in each. We know of quondam shoemakers taking the jobs of hatters, quondam hatters tailing the jobs of weavers, quondam weavers taking the jobs of cigarmakers, quondam cigarmakers taking the jobs of machinists, quondam farmhands taking the jobs of factory hands, etc., etc., so easy has it become to learn what now needs to be known of a trade.

In the third place, telegraph and railroad have made all of the unemployed easily accessible to the employer.

Finally, different from former days, the competitors have to a great extent consolidated. Here in New Bedford, for instance, the false appearance of competition between the mill owners is punctured by the fact that to a great extent seemingly "independent" mills are owned by one family, as is the case with the Pierce family.

Not, as at the first strike, with their flanks protected, but now wholly exposed through the existence of a vast army of hungry unemployed; not, as before, facing a divided enemy, but now faced by a consolidated mass of capitalist concerns, how different is now the situation of the strikers! The changed conditions brought about changed results; instead of victory, there is defeat; and we have had a long series of them. Either hunger drove the men back to work; or the unemployed took their places; or, if the capitalist was in a hurry, he fetched in the help of the strong arm of the government, now his government.

Principles of sound organisation

WE now have a sufficient survey of the field to enable us to answer the question, How shall we organize so as not to fight the same old hopeless battle?

Proceeding from the knowledge that labor alone produces all wealth; that less and less of this, wealth comes to the working class, and more and more of it is plundered by the idle class or capitalist; that this is the result of the working class being stripped of the tool, machine, without which it cannot earn a living; and, finally, that the machine or tool has reached such a state of development that it can no longer be operated by the individual but needs the collective effort of many; proceeding from this knowledge, it is clear that the aim of all intelligent class conscious workingmen must be the overthrow of the system of private ownership in the tools of production because that system keeps them in wage slavery.

Proceeding from the further knowledge of the use made of the government by the capitalist class, and of the necessity that class is under to own the government, so as to enable it to uphold and prop up the capitalist system; proceeding from that knowledge, it is clear that the aim of all intelligent, class conscious workingmen must be to bring the government under the control of their own class.

Where do profits come from?

Introduction

THE basic Marxist analysis of capital is the fundamental groundwork on which modern socialism stands. Marxism explains how capital works; how the workers — free workers, not chattel-slaves, but the legal equals of the richest in capitalist society — are exploited in the process of production. In short, why it is not hype or demagoguery, but plain truth, to say that the modern working class is a class of wage-slaves.

The education of the working class about the fundamental mechanics of capital, and the workers' place in capitalist society, is the basic, the essential, the irreducible work of socialists.

As the Communist Manifesto of Marx and Engels said, though we see ourselves as the advance-guard of the working class, we have no interest apart from that of the working class. Our primary role is to explain, to educate, and also to learn from working-class experience.

It is work that has for long been neglected by socialists for too many of whom everything revolves around demagogic agitation, regulated by calculations about what will allow their organisation to recruit. Theirs is what we have named "apparatus Marxism" — "Marxism" as a set of terms and intellectual gambits to be deployed in the service of the "apparatus" of the "revolutionary party" which selects or discards issues with an eye not to truth or to the

education of the working class, but to "quick returns" for "the party".

What follows is a brilliant exposition of how exactly the working class is exploited. Its author was the American socialist Daniel De Leon. It is taken from a speech given to a large audience of striking workers in New Bedford, Massachusetts.

De Leon was an early and very acute critic of the pre-1914 international socialist movement and its leaders — of the movement that would collapse at the outbreak of World War One. He was an early advocate of industrial, not craft, unions.

He saw such unions as the infrastructure of the future workers' republic, being constructed within the womb of capitalism. De Leon died in May 1914.

Lenin, when in 1918 he read De Leon's pamphlets, had high praise for him as a partial forerunner of Bolshevism. "De Leonites" in Britain, America, and other countries played a central role in building the early Communist Parties after the Russian Revolution. The text here has been abridged as follows. An introductory section has been cut, and so has the final point, in which De Leon advocates industrial unionism in relation to organisations which long ago ceased to exist. That section is now of interest only as part of the history of the revolutionary socialist movement. What we have here is a concise explanation of working-class exploitation.

Sean Matgamna

American to pry into such secrets. Presently I shall take you into my confidence. For the present I shall draw down the blinds, and keep out your un-American curiosity. I have \$100,000, and am a capitalist.

Now I may not know much; no capitalist does; but know a few things, and among them is a little plain arithmetic. I take a pencil and put down on a sheet of paper, "\$100,000." Having determined that I shall need at least \$5,000 a year to live with comfort, I divide the \$100,000 by \$5,000; the quotient is 20. My hair then begins to stand on end. The 20 tells me that, if I pull \$5,000 annually out of \$100,000, these are exhausted during that term. At the beginning of the 21st year I shall have nothing left.

"Heaven and earth, I would then have to go to work if I wanted to live!"

No capitalist relishes that thought. He will tell you, and pay his politicians, professors and political parsons, to tell you, that "labor is honorable." He is perfectly willing to let you have that undivided honor, and will do all he can that you may not be deprived of any part of it; but, as to himself, he has for work a constitutional aversion. The capitalist runs away from work like the man bitten by a mad dog runs away from water.

I want to live without work on my \$100,000 and yet keep my capital untouched. If you ask any farmer, he will tell you that if he invests in a Durham cow she will yield him a supply of 16 quarts a day, but, after some years, the supply goes down; she will run dry; and then a new cow must be got. But I, the capitalist, aim at making my capital a sort of \$100,000 cow, which I shall annually be able to milk \$5,000 out of, without her ever running dry.

I want, in short, to perform the proverbially impossible feat of eating my cake, and yet having it. The capitalist system performs that feat for me. How?

I go to a broker. I say, Mr. Broker, I have \$100,000. I want you to invest that for me. I don't tell him that I have a special liking for New Bedford mills' stock; I don't tell him I have a special fancy for railroad stock; I leave the choosing with him. The only direction I give him is to get the stock in such a corporation as will pay the highest dividend. Mr. Broker has a list of all of these corporations, your New Bedford corporations among them, to the extent that they may be listed. He makes the choice, say, of one of your mills right here in this town.

I hire a vault in a safe deposit company, and I put my stock into it. I lock it up, put the key in my pocket, and I go and have a good time. If it is too cold in the north I go down to Florida. If it is too hot there I go to the Adirondack Mountains. Occasionally I take a spin across the Atlantic and run the gauntlet of all the gambling dens in Europe. I spend my time with fast horses and faster women. I never put my foot inside the factory that I hold stock in; I don't even come to the town in which it is located, and yet, lo and behold, a miracle takes place!

Those of you versed in Bible lore surely have read or heard about the miracle that God performed when the Jews were in

Turn to page 6

What means this strike?

By Daniel De Leon

WHAT you now stand in need of, aye, more than of bread, is the knowledge of a few elemental principles of political economy and of sociology. Be not frightened at the words. It is only the capitalist professors who try to make them so difficult of understanding that the very mentioning of them is expected to throw the workingman into a palpitation of the heart. The subjects are easy of understanding.

The first point that a workingman should be clear upon is this: What is the source of the wages he receives; what is the source of the profits his employer lives on? The following dialogue is not uncommon:

Workingman: "Do I understand you rightly, that you Socialists want to abolish the capitalist class?"

Socialist: "That is what we are after."

Workingman: "You are!? Then I don't want any of you. Why, even now my wages are small; even now I can barely get along. If you abolish the capitalist I'll have nothing; there will be nobody to support me."

Who knows how many workingmen in this hall are typified by the workingman in this dialogue!

When, on payday, you reach out your horny, "unwashed" hand, it is empty. When you take it back again, your wages are on it. Hence the belief that the capitalist is the source of your living, that he is your bread-giver, your supporter. Now that is an error, an optic illusion.

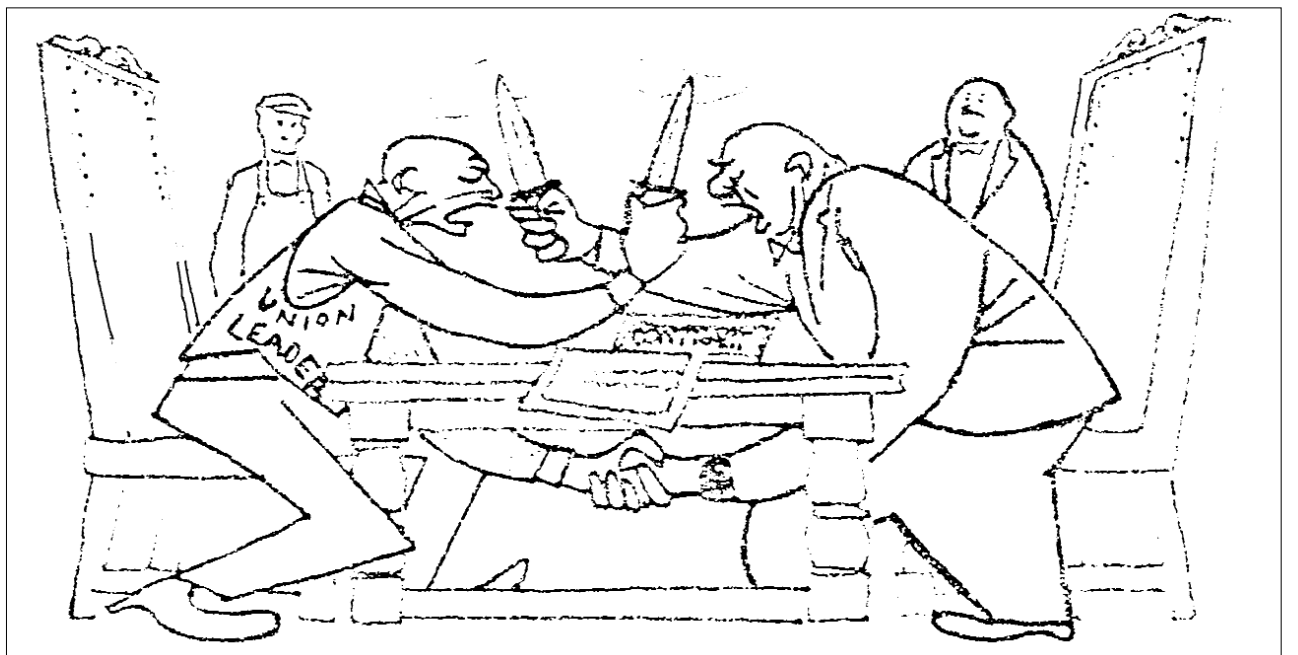
If early in the morning you go on top of some house and look eastward, it will seem to you that the sun moves and that you are standing still. Indeed, that was at one time the general and accepted belief. But it was an error, based upon an optic illusion. So long as that error prevailed the sciences could hardly make any progress. Humanity virtually stood stock still. Not until the illusion was discovered, and the error overthrown, not until it was ascertained that things were just the other way, that the sun stood still, and that it was our planet that moved at a breakneck rate of speed, was any real progress possible.

So likewise with this illusion about the source of wages. You cannot budge, you cannot move one step forward unless you

discover that, in this respect also, the fact is just the reverse of the appearance: that, not the capitalist, but the workingman, is the source of the worker's living; that it is not the capitalist who supports the workingman, but the workingman who supports the capitalist; that it is not the capitalist who gives bread to the workingman, but the workingman who gives himself a dry crust, and sumptuously stocks the table of the capitalist.

This is a cardinal point in political economy; and this is the point I wish first of all to establish in your minds. Now, to the proof.

Say that I own \$100,000. Don't ask me where I got it. If you do, I would have to answer you in the language of all capitalists that such a question is un-American. You must not look into the source of this, my "original accumulation". It is un-



The clash between capital and labour