abroad to about 7 billion dollars a year."

Government aid, then, amounts to a subsidy of 97%. In plainer language, this means that 97 cents of every dollar which foreign governments will find necessary in 1949 to finance their unfavorable balance of trade is coming from the U. S. government!

CAPITAL EXPORT AID

On the question of the export of capital, it is becoming increasingly clearer that the Truman administration's program to encourage private capital into so-called backward areas is for the basic purpose of giving these countries the dollars with which to purchase American goods.

In his Little Rock, Arkansas speech of June 11 against a slashing of Economic Co-operation Administration (ECA) funds, Truman made it clear that his program of help to underdeveloped nations would offer "enormous potential benefits in a growing world economy." An Associated Press dispatch of June 10 openly states what Truman meant by these general words: "The project of guaranteeing capital investments. . . has also been studied [by officials in the State Department, ECA, Commerce Department and Treasury] as a means of inducing private dollars to flow out of this country for the benefit of world trade, which is now restricted by dollar shortages. The reasoning is that eventually the money would come back to the United States in payment for American products, just as does money poured into Europe under the Marshall plan." (*Detroit News,* June 10.)

In opposing a billion dollar cut in the Senate on ECA funds, ECA head Paul Hoffman showed that such a cut in recovery spending actually would mean less purchases of American cotton, tobacco, wheat, butter, lumber and other commodities. "The feeling was that with some American business declining farmers and business will want foreign markets especially." In other words, altho U. S. capitalism emerged from World War II as the top financial and commercial power of the world, as a matter of fact, as the only country which can export twice as much as it imports and subsidize this with government aid, it has placed itself in a postion where it must continue this state aid, or else suffer serious consequences to its own economy, and world economy as well.

World War II made it possible for the United States to get out of the 1929 cycle temporarily by providing full employment to a working class which had one out of every five members out of work as late as 1939, when the war broke out in Europe.* This temporary relief from the continuation of the 1929 crisis was tied up with the export of goods and capital (lend-lease, loans, grants, etc.) abroad, as well as with the equipment of its own military forces.

Now the health of the domestic economy has become tied up with the health of American capitalism in world economy to an unprecedented degree. Its export trade, and the huge military apparatus which after all goes along with this domination of world economy and its position face-to-face with the Soviet Union are, as Dr. Fritz Sternberg has pointed out, the sole factors keeping the present recession from turning into a depression at this moment. Take the $7 billion of U. S. government aid abroad to subsidize the balance of exports over imports, plus the $17 billion in military preparations, and this gives us roughly 11% of the present total national income which is based on this foreign aid program.

The elimination or severe curtailment of this program would involve the jobs of approximately 6 million workers (of course, the percentage is not *this direct*), which plus the 6 million expected to be unemployed by January 1, 1950, would bring unemployment to 12 million, a very excellent beginning for a return to the 1929 depression.

*Dr. F. Sternberg, in chapter 2 of his **"The Coming Crisis"** shows fully how, as late as 1939, U. S. capitalism was still in the "unliquidated crisis of 1929."

LINKING THE CHAIN

This link between domestic economy and world trade and foreign investment, and the necessity of government subsidy and guarantees for same, is being recognized on *all* sides by government, business and trade union leaders. The attitude of the government has already been presented in the above-quoted AP dispatch of June 10, and in Paul Hoffman's statement before the Senate Appropriations Committee.

Members of the capitalist class themselves quite clearly state that they cannot invest capital abroad without state guarantees. Speaking in London on May 23 before the Pilgrims Society of Great Britain, Winthrop Aldrich, Chairman of the Board of Directors of the Chase National Bank, pointed out that in 1953 when the Marshall Plan is supposed to be complete, Western Europe will still be faced with a dollar shortage, and that these countries will lack the military, political and economic stability for private U. S. investments. "Therefore," he went on, "it may well be that in order to bring about an immediate flow of the investments of American private capital in the countries of Western Europe and their territories and dependencies, the U. S. government must give some sort of guarantees to private investors that will cover fluctuations in the exchanges until such stability shall actually have been achieved."**

In Detroit on May 27 Norman Littell, chairman of the Foreign Economic Cooperation Committee, American Bar Association, who we may safely say voices the opinion of capitalist interests, gave a speech before the Detroit Board of Commerce and the Foreign Trade Club of Detroit in which he stated that "private interests are powerless to carry out Truman's policy of taking technics to the backward areas of the world without the aid of the government." (*Detroit News,* May 27.)

"In a world of revolution," he continued, "where we are seeking to preserve a free way of life, certain of these risks should be assumed by the government in the form of guaranteeing certain private investments . . ." Sam Dawson, writing for the Associated Press (*Detroit News,* May 23) comments that "many businessmen are slowly coming around to support of President Truman's bold new program for improving the world... But they want a lot of strings attached."

Vital Speeches of the Day, June 1949.

UNIONS SUPPORT PROGRAM

As is pretty well known, the two big labor federations, the Congress of Industrial Organization and the American Federation of Labor, the first at its Boston convention of October 1947, and the second at its San Francisco convention the same month, have jumped on this program for support of the Marshall Plan. Clinton S. Golden for the CIO and Bert Jewell for the AFL are labor advisors to the ECA, and Labor Advisors' offices are maintained in Washington and in Paris.***

However, the unions in tying up their fate with that of capitalist economy cannot escape the contradictions of the latter. Formally, on paper, the AFL and CIO are committed to the Administration's reciprocal trade program, by which certain goods are admitted at lower tariffs into this country. But *Fortune* (June 1949) reports that "in recent months a number of unions have begun to drop their lip service to reciprocal trade and demand protection against foreign competition in their fields. Such activity is increasing as we move into a buyers' market and foreign competition begins to be felt."

A bloc of small unions in the AFL (Hatters, Operating Potters, Glass Bottle Blowers, etc.) have formed an American Wage Earners Protective Conference, headed by Matthew Woll, which has fought tariff reduction where imports threaten union

***A detailed picture of how fully union leaders have been tied in with the ECA can be gained from an article, "American Labor and ERP" in **Labor and Nation,** Sept.-Oct., 1948, pp. 33-43.