We CAN Have

PEACE AND JOBS!

By BERNARD BURTON

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ABOUT THE AUTHOR

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Published by NEW CENTURY PUBLISHERS, 832 Broadway, New York 3, N. Y.

May, 1953 209 PRINTED IN THE U.S.A.

WE CAN HAVE PEACE AND JOBS!

On February 5, 1953, George Meany, president of the American Federation of Labor, voiced the fear that the United States was heading "into a full scope depresssion."

Meany's statement was a comment on the course being mapped out by President Eisenhower's new Republican Administration. A day earlier the A. F. of L. Executive Council had stated that Eisenhower's first State of the Union message was "loaded with potential danger" for labor.

This concern about heading into another depression has become widespread throughout the labor movement. It is anxiously discussed by farmers and small businessmen.

Many economists—labor, business and government—fear that this downturn will begin to set in after the peak of armaments spending is passed in mid-1953. Few, however, have made any realistic proposals for maintaining prosperity and peace.

Yet, this is what the overwhelming majority of Americans—workers, farmers, Negroes, professionals—want above all: PEACE and WORK. The time is long overdue for all Americans to begin discussing this big question: *Can we have peace and jobs at the same time?*

The common sense of America rejects the notion that wages and profits must be paid by blood money—by the lives of our sons and the sons of other nations destroyed on battlefields.

This pamphlet is intended as a contribution to the discussion by all Americans—especially trade unionists—of a program for peace and prosperity. It deals primarily with one aspect of this question: *foreign trade,* without which this country, with its tremendous output, cannot maintain anything like full peace-time employment.

3,500,000 Jobs Waiting to be Filled

There are more than 3,500,000 jobs waiting for American workers, more than the number of persons now serving in the armed forces. What's more, these jobs can be had without putting on a uniform, without even leaving your home.

All you have to do is to get YES from Washington. A yes that won't cost anybody a cent in taxes, a yes that will yield profits to businessmen and farmers and decent wages to workers.

It's a yes to the offer of countries with 800,000,000 people to buy and pay for goods that are either already piling up in our warehouses or are threatening to do so.

The countries that are offering to pay for such goods in hard cold cash are the Soviet Union, New China, Hungary, Albania, Poland, Czechoslovakia, Eastern Germany, Romania, Bulgaria—the countries of socialism and People's Democracy. These countries are not offering to buy war materials—they want tractors, textiles, machine tools, drugs, agricultural machinery. All the things that a country would need to build a rapidly growing peaceful economy. But our trade with these countries has dwindled to the vanishing point.

How would it mean more than 3,500,000 jobs—more than there are men in the armed forces? For one thing, let's take a rock-bottom figure and we'll see that 3,500,000 is a minimum estimate.

The Philippines is one of the poorest countries in the world, as any ex-GI who has ever been there can tell you. Nonetheless, our exports to that country (1949 figures) amounted to $22.18 per Filipino. If the same level of trade were conducted with those 800,000,000 people anxious to buy from us, it would absorb six percent of our labor force, which would mean more than 3,500,000 jobs—actually about 3,800,000—according to the Department of Commerce figures for 1949.

But the USSR, China, the People's Democracies are not the Philippines. They are the most rapidly growing countries in the world. The United Nations, in a report on Nov. 30, reaffirmed what has become common knowledge throughout Europe and a good part of our country: that production and trade in Eastern Europe and China are growing by leaps and bounds while the reverse is true for Western Europe.

On top of that, these are the only countries which can provide a constantly expanding market for exports. That is because they either have Socialist economies or are building them. These are planned depression-proof systems, with all means of production owned by the workers and farmers. With production and standards of living growing uninterruptedly, the Socialist lands constitute a growing market such as the world has never before witnessed.

Any American with common sense and especially anyone who lived through the last great depression knows that failure to trade with the rest of the world or inability of a good part of the world to buy from us spells economic danger to the U. S. And the danger signs are growing. Economists are getting the shudders over it.

And one of the main reasons for these shudders is that as far as exports are concerned we are already in a depression.

Consider this startling fact. The percentage of our output going the depression in 1930. At that time it was four percent of total gross product. In 1951 it was four percent of total gross product.

Consider this brief picture of what has happened to our exports. We take as our starting point the year 1947, not only because it represented a post-war high in exports. The point is that it represented a post-war high largely because the government had not yet clamped a blockade against trade with Eastern Europe. Following that year the government began to restrict trade with the East.

Between 1947 and 1950, exports of U. S. merchandise dropped by nearly one-third, 30 percent. Then came the Korean war and exports picked up again (largely in munitions which did not bring us money but cost us taxes). But by the beginning of 1952 exports began to slip again and by August had dropped 22 percent from 1947. And that includes government shipments.

The whole picture is even grimmer if you take a glance at what's happened to exports of various keystone commodities.

DROP IN EXPORTS OF KEY COMMODITIES (1947 = 100)

(Compiled from Dept. of Commerce figures)

	1947	1950	Aug. 1952 (After Korea)
Agricultural Products	100	45	52
Grains and Grain Preparations	100	72	57
Automobiles, Parts and Accessories ..	100	59	56
Agricultural Machinery	100	34	50
Textiles and Textile Products	100	36	43
Shipping Tonnage (from U.S. Ports)	100	50	75 (July, 1952)

These ominous trends make it clear that we are in a depression as far as exports are concerned. The only reason it hasn't backed up and kicked the bottom out of the entire economy is that we were plunged into a war and started producing armaments.

But now even the armament supplies are beginning to back up and predictions are that arms expenditures will level off and fall after the middle of 1953.

As a matter of fact one of the main things that helped ease some of the load of the last depression was increased trade with the Soviet Union. In 1931, the USSR held first place in U. S. exports of industrial equipment. It took, for example, as much as 67 percent of the total export of agricultural machinery.

In those days, however, the USSR was the only country marching to socialism and had only 160,000,000 people. Today the countries in this sphere embrace a population of 800,000,000—five times as much—with standards of living, industrial capacity and purchasing power constantly rising. Every UN economic report has confirmed those facts.

Every thinking person knows that such trade would be the best means of easing cold-war tension and re-establishing peaceful relations.

Why no trade then? Our government has rejected every offer. It has even ordered Western Europe not to trade with the East.

But we have been cutting off our nose to spite our face. Impoverished Western Europe is straining at Washington's leash for the profitable market to the East. Western European businessmen have told us that they cannot conduct profitable foreign trade unless they trade with their "natural market" to the East. As a matter of fact, one of the chief ways to enable Western Europe to buy from us is for these countries to increase their purchasing power through profitable trade with the East.

The upshot of our whole cold war trade policy is (1) we have cut ourselves off from the world's most profitable market (2) we have made it less and less possible for the Western European markets to buy from us.

This has kicked back on us. It threatens every one of our industries, from maritime to heavy industry to consumer industries to agriculture.

The Shipping Industry

Our history is rich with exciting stories of the China trade. The Pacific Coast flourished and grew on that trade. The China Clipper became a byword on the high seas; it was symbolic of the flourishing growth of our Merchant Marine and shipbuilding industry in the days of the square-rigged schooners.

But today virtually no U. S. merchant ships ply the seas to China. Washington forbids it. Just as once the China trade spelled a thriving maritime industry, now the embargo on this trade is bringing in its train stagnation and unemployment.

This has been particularly true for the Pacific Coast ports where prosperity depends in large part on trade with China. Not even war shipments to Korea and bases in Japan could displace the loss of peaceful trade.

We showed that by 1950 tonnage shipment from U. S. ports had dropped 50 percent from 1947 (the year before the embargo was applied against the countries of socialism and People's Democracy). Then came the Korean war and there was a pickup again.

But even the Korean war with its frightful toll in lives and destruction was not able to make up for the loss in foreign trade. By the beginning of 1952 shipping began to slip again until July tonnage shipments fell 25 percent from 1947.

During 1952 alone 550 U. S. ocean-going ships were laid up in the "boneyards" of inland rivers. More than 20,000 seamen and officers were thrown out of work. These facts were announced in a year-end survey released on Dec. 28 by the National Federation of American Shipping Inc., national organization of maritime business experts.

"As we approach 1953, the outlook is dim," said one of the officials in releasing the survey. Foreign competition and "a shrinking volume of cargo is forcing our ships to lay up in rivers instead of plying the seas," he added.

The shrinking volume of cargo referred to trade conducted by the U. S. and the countries in the Washington orbit. The survey noted, for example, that "even poor, war-torn Japan" has built up its shipping industry so that is has become a competitor of U. S. shipping.

The point is, however, that Japan has become a competitor not so much because its shipping industry is being rebuilt but because under U. S. orders she has been barred from trade with her natural market in China. The result is that she has turned elsewhere in a drive for trade and this has been to the detriment of U. S. and British interests primarily. The National City Bank bulletin for October showed for example, that before World War II, more than 40 percent of Japan's trade was in China; today, due to the Washington-ordered embargo, the trade is next to nothing and more than 40 percent is with Southeast Asia—at the expense of the U. S. and Britain.

While tonnage in U. S. vessels dropped 25 percent between 1947 and 1952, the number of jobs for seamen declined 28 percent.

In 1947 there were 100,000 employed; at the end of 1952 the figure was 72,000.

This drop in jobs and shipments has hit all coasts, Atlantic, Gulf and Pacific.

U. S. flagships are forbidden to trade with China, but even businessmen are seeking ways of breaking out of these restrictions as the economic picture darkens. Thus, the Seattle port agent of the Marine Cooks and Stewards Union, Robert Ward, revealed last November that Northwest wheat is being shipped to China—but not in U. S. ships. It is being shipped in British, Norwegian and Canadian vessels. Furthermore, U. S. shipping companies have switched vessels to foreign registration both in order to grab this trade and to undercut wage standards of American seamen. This "bad neighbor" policy with one-fourth of the world's population, said Port Agent Ward, has cost members of his union 700 jobs in Seattle alone.

The San Francisco local of the A. F. of L. Masters, Mates and Pilots reported that 37 percent of its members were unemployed at the beginning of December, 1952. Out of 3,500 members, 1,200 were out of work.

The conclusion is clear for anybody who wants to face the facts. Even the shipowner organization, the National Federation of American Shipping, admitted in its year-end report that a recession has hit all phases of maritime activity, including shipbuilding and repair, marine supply and port activity.

That recession is heading fast for a thorough-going depression and crisis unless something is done soon. And a big part of that something is resumption of normal, peace-time trade with the Soviet Union, China and the People's Democracies of Eastern Europe.

Even if trade levels were resumed at a rate no higher than pre-World War II, it would mean at least another 8,000 jobs for unlicensed seamen alone. But that far from tells the story. Before World War II, these countries took 10.7 percent of our exports.

They are prepared to take far more than that now. These countries are expanding their economies at a rate far exceeding that in any other part of the world. China alone, with its 475,000,000 people, is proceeding to change its economy so that in about 20 years industry will increase to 30-40 percent of its economy where it is now 10 percent. Its plans are on an even greater scale than the early plans of the Soviet Union—and for part of those years the USSR became our largest customer abroad.

If we supplied only a fraction of China's immense demands it would amount to yearly exports running into billions—and jobs for thousands of maritime workers.

Taking the bars off east-west trade would mean more maritime jobs in another way. It would enable other countries to take more of our exports. It is not that these countries don't want to buy; they can't. They have only a limited supply of dollars. In order to buy from us they have to sell to us. But we are already facing overproduction and have no need of their products. The east, however, is willing and able to take the largest portion of their exports, thus leaving western Europe and many other areas in a more solvent position and with ability to buy from us. This would also mean aditional jobs in the thousands for U. S. maritime workers.

It would mean a resumption of trade to at least 1947 levels. And it would mean a return of jobs at those levels.

Jobs for 100,000 Steel Workers

More than 100,000 steel workers will be jobless or on part time by the end of 1953. Close to that number of auto workers will face a similar prospect. Fear of an economic downturn haunts machine and tool production, agricultural machinery, nonferrous ore mining and other heavy and durable industries.

These are the industries that received the most powerful shot in the arm from war production and the construction of new plants (at the taxpayers' expense). But now that's beginning to level off and decline, according to government and business estimates.

But there is an alternative: expanded foreign trade. And the only way that can be done is through ending the embargo on trade with the Soviet Union, China and the East European People's Democracies. Here's the story of what is happening with the heavy industries and what east-west trade would mean.

STEEL: A survey of opinion of top corporation executives (Wall Street Journal, Jan. 2) revealed that steel industry operations may drop by as much as 20 percent by the end of 1953. Said C. B. White, president of Republic Steel: "By the end of the fourth quarter of 1953 it would not be surprising to see our industry running at 80 percent of capacity."

But the steel executives are not worried even though it would mean layoffs and part-time work for at least 100,000 workers. A New York *Times* survey (Dec. 15) said: "It was clear last week that steel leaders did not fear the results of a drop in steel output to as low as 85 percent of capacity. Most units, it was believed, can make a fair profit showing at such a level." Even 80 percent of capacity would mean higher tonnage than in any year since World War II, with the exception of 1951. Reason for that is the greater capacity of the new plants and equipment.

But there is another side to the picture. The production drop and loss of jobs are not inevitable. The world needs our tremendous steel output. That's especially true for countries which have embarked on great programs of industrial expansion, for which steel is the raw material. The countries standing in the front rank of this group—as a matter of fact the only ones really expanding their industries—are the countries of people's democracy and the Soviet Union.

For example, 1952 total output of the People's Democracies of Eastern Europe was 188 percent above prewar; for western Europe, only 31 percent.

As steel begin to feel the need for peacetime outlets for its vast output, the foreign trade crisis begins to kick back in this basic sector of our economy. Even including government shipments for military purposes, steel exports began to fall drastically in 1952. They dropped 29 percent between the high point of March, 1952 and September (latest figure available)

For steel to produce at full capacity requires also that steel consuming industries—such as auto, machine tools, etc., should be able to sell their products in order to buy more steel. And the foreign trade crisis is threatening these industries as well.

AUTO: Plans to cut back on tank and plane production in 1953 will mean many of the 72,000 auto workers now engaged in war production will be looking for regular auto jobs. But their chances of finding them are slim. The industry has been talking about a return of a "buyer's market" with the return of layoffs.

Here again a large part, if not all of the slack can be taken up by east-west trade and by the fact that such trade would ease the dollar shortage for western Europe, creating greater market possibilities there. Earlier, we showed that between 1947, the year before the embargo on east-west trade was put into effect, and August, 1952, exports of automobiles, parts and accessories dropped 44 percent. The fall has continued since then. Between March, 1952 and September there was a decline of 38 percent. And this is again inclusive of military shipments. 1952 exports of autos and trucks totaled 340,000 compared to 470,000 in 1951, a drop of 38 percent.

MACHINE TOOLS: Up to now the machine tool industry has been unable to fill its tremendous backlog of orders. This was due mainly to the great expansion of investments in new plant and equipment. But this now is coming to an end, with capital investments expected to drop in 1953. That's especially true for such great users of machine tools as iron and steel, where investments will drop 20 percent; nonferrous metals, down 25 percent; motor vehicles, down 15 percent; textile mill products, down 26 percent (Year-end report of Securities and Exchange Commission).

Machine tool executives are worried over a "slowing of demand from civilian users and a continued lag in foreign business" (New York *Times* Dec. 24).

With domestic investment tapering off, it is clear that the industry must once again look to exports in order to keep its workers employed. But here again is where the trade embargo will mean disaster if something is not done soon.

Between March and September of 1952 total U. S. machinery exports fell 25 percent, including governmental military shipments.

AGRICULTURAL MACHINERY: A joint delegation of CIO Steel and Auto locals in Ottawa, Canada, told their representatives in Parliament on Dec. 10: "The farm implement industry of Canada is dependent on world trade for its existence. . . . For a healthy farm industry in Canada it is necessary for Canada to trade with other nations of the world."

That goes for our country too. We have always been the world's largest exporter of agricultural machinery; without this, it is impossible to keep the industry healthy. But exports between 1947 and August, 1952 fell 50 percent. In 1952 alone, between March and September they plummeted 42 percent. The exports of tractors, parts and accessories between March and September dropped 58 percent.

Yet purchases of farm tools by China alone jumped 151.3 percent in 1951 over 1950, and in 1952 they were 158.8 percent over 1951. And these increases are small in comparison to what is now expected with the land revolution completed and China embarking on five-year plans for industrialization of the country and modernization of agriculture.

NON-FERROUS METALS: The independent Mine, Mill and Smelter Workers Union warned in the summer of 1952 that thousands of non-ferrous ore miners were out of work or were threatened with loss of jobs as a result of the drastic decline in foreign trade. Since then the export drop has continued and between January and September of 1952, exports of crude materials, of which nonferrous ores are a large part, dropped 42 percent.

The Mine, Mill union estimated that if trade with the east were raised even to 1946 levels of trade with western Europe it would mean new jobs for 70,000 copper, lead and zinc metal miners.

What is true for the above industries, goes for every other sector of heavy and durable industries. All of them are interconnected; the health of one depends on the activity of the other. Foreign trade is crucial to all.

Yet the prospects for a tremendous increase in peaceful, job-creating foreign trade are vast and unprecedented. Consider these facts: In 1930 the Soviet Union alone, with a population of 160,000,000, took the following proportions of our exports—foundry equipment, 74 percent; crushing mills, 68 percent; forging and stamping equipment, 68 percent; agricultural machinery, 67 percent; machine tools, 65 percent. In 1931 almost 40 percent of the entire output of the U. S. tractor industry was shipped to the Soviet Union. In 1931 Soviet orders provided employment for about one-third of all workers in the metal-working machinery industry in the U. S. Even in 1946 25 percent of all exports of metal-working machinery from the U. S. went to the Soviet Union.

But this is a trifle compared to what the Soviet Union plus China plus the People's Democracies are prepared to buy now.

At the 19th Congress of the Communist Party of the Soviet Union, Georgi Malenkov put forward a bold proposition. He said there was an alternative to a cold-war crisis in the capitalist countries: "the prospect of developing commercial relations between all countries, irrespective of the differences in social systems. This can keep the industries in the industrially developed countries running for many years to come."

It is to the interest of all Americans—businessmen, farmers and workers—to meet this proposition boldly and negotiate for such trade. It is the alternative to cold war and depression.

Textile: The Sick Industry

It doesn't make any difference in textile whether you are a highly skilled loom-fixer in Passaic, N. J., or a frame tender in Lawrence, Mass. You know that the whirr of the machinery and the click of the shuttles today is like the flush of a feverish patient. Work today and no paychecks tomorrow—that's textile. Last to get going and first to lay off: that's textile.

Textile is the sick industry of our country. Long before the Great Depression of the thirties, you could feel the crisis in the wool, silk and cotton mills. And until the Korean war came along there was again a crisis in textile. Now production is beginning to dip again. Total 1952 production in all major lines—wool, cotton, rayon—was lower than in 1951.

Now the industry fears another crisis. One of the main reasons that textile is a sick industry is that it is a consumer industry. It largely depends on the buying ability of workers in other industries —steel, auto, coal, shipping.

A New York *Times* survey of Jan. 11 noted that in textile "gradual build-up in stocks in the last quarter of 1952 can possibly lead to another recession in view of the level of consumption, which has not risen sufficiently to absorb goods at the rate that industry can produce."

When war-inflation drives up prices and lowers purchasing power, textile and its workers are among the first to feel it in unsold goods and layoffs. Furthermore, as we have shown, unless peaceful, normal trade is resumed with the 800,000,000 people of the eastern countries, the workers in the other American industries will face heavy layoffs by the end of the year.

The simple fact is that east-west trade means jobs for the loom fixers, weavers, frame tenders, mule spinners, carders—for workers of all kinds in textile.

We have shown that between 1947, the last year before Washington clamped an embargo on trade with the east, and 1950 textile exports dropped 64 percent. With the Korean war they picked up again but by the beginning of 1952 exports began to slide until by August they were 57 percent below 1947.

In 1951 production for the rapidly expanding armed forces took up a large part of the slack. But now the army stockpile has been built up. The Quartermaster Corps cut down its purchases in 1952. So what happens with textile now that purchases for the armed forces are being cut and foreign trade keeps slipping?

That's the question in every textile town in the country.

Foreign trade with the east, however, can make up a large part, if not all of the answer. First, it can make it up in trade with the Soviet Union which has made offers for large purchases of textiles. Second, east-west trade would solve the dollar-shortage of other countries which want to buy our textiles but can't. Third, it would ease the competition from other textile-producing countries which are now squeezing our textile products out of foreign markets.

In the thirties the Soviet Union's imports consisted mainly of machinery and other goods for the construction of heavy industry. Today, with her basic industry firmly established and the living standards of her people constantly rising, she has offered to buy vast amounts of consumer goods, especially textiles. At the Moscow International Economic Conference, held last March, she and the countries of People's Democracy offered to buy millions of dollars worth of textiles. A large part of these offers were accepted by British businessmen.

It is the countries of the west, including us, who are the real victims of this embargo. "Unemployment in the textile industries in almost every country except Switzerland . . . became a problem in most industrial regions," the New York *Times* reported on Jan. 6. The same issue of the paper noted "declining consumer demand for numerous categories of goods, notably textiles."

The western textile-importing countries find themselves unable to buy from us as a result of the trade embargo.

With this loss of trade with both the socialist and non-socialist countries as a result of the embargo on east-west trade, something else has developed. The non-socialist textile producing countries have entered into deadly competition for what's left of the world market when you can't trade with the 800,000,000 people of the countries of Socialism and People's Democracy.

Take Japan. Before World War II China was here biggest customer. But now she's barred from trading with China so she enters into cut-throat competition with other textile-exporting countries, especially the U. S. JAPAN WARNS SHE WILL FIGHT FOR WORLD'S MARKETS, said a New York *Herald-Tribune* headline (Sept. 21, 1952). U. S. exporters, the N. Y. *Times* noted on Nov. 29, "will find the going much tougher because of competition of European textile manufacturers."

Textile has been a sick industry for more than 30 years. The basic cause of its illness has been a great capacity to produce that has run into a dwindling market. That condition has never been as acute as today because of the embargo on east-west trade.

What is true for textile is true in one degree or another for every other light consumer industry in the U. S.

Depression on the Farm

It is also true of agriculture where, according to farm leaders, the first signs of depression have already appeared. In the beginning of December, James G. Patton, president of the National Farmers Union, declared that "there are clouds upon the horizon that remind me of the first signs of the approaching storm after 1920, particularly for the farmer."

One of the main signs is the drop in exports. In August, 1952, exports of agricultural products were 43 percent below 1947. The Federal Reserve Board estimates farm exports for 1952-1953 may be 20 percent below 1951-1952. At the same time farm surpluses are piling up to near-record levels (*Wall Street Journal*, Dec. 18, 1952). The result is that the prices paid to farmers are dropping.

Between December, 1951, and December, 1952, prices of farm products dropped 10 percent. Cotton went down 20 percent, corn 16 percent, hogs 23 percent, and cattle 30 percent.

East-west trade would mean a tremendous shot in the arm for farmers who see signs of a new long depression. Here's an example of what it can mean in cotton. A United Press report of Dec. 20 noted that the east-west trade embargo "has backfired on American cotton producers and hurt us more than Russia."

Noting that the USSR, China and Eastern Europe "normally buy up to 1,000,000 bales of U. S. cotton annually," the report stated that resumption of such trade "would save U. S. growers from a looming surplus."

All the facts in this pamphlet demonstrate that the cold-war trade embargo is hurting us more than the countries of Socialism and People's Democracy. Their trade and economies are thriving and growing at an unprecedented pace. With predictions of an economic downturn after mid-1953, such trade is a matter of vital necessity for us now. Workers, farmers and businessmen need it.

Without east-west trade there can be no peacetime prosperity. Combined with such measures as great programs for housing, schools, flood control and the meeting of other long overdue needs, it can ward off a depression, or at least, minimize its effect.

One thing is certain: if we continue on our present course, we shall certainly plunge into the country's greatest depression.

East-west trade, however, would not only provide a tremendous prop for our economy.

It would be the greatest single factor for dissolving the cold-war tensions and the danger of war. It can mean peace.