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### IN BRIEF— **Commission Would** 'Fix' Social Security -But Good

The co-chair of President Bush's Social Security commission was not long ago forced to rescind his earlier statement that the Social Security system was "broken"an oft-heard remark in ruling-class circles these days. Facts had made it clear that the system would be able to cover all its payments through the year 2038, when it might begin to run a little short.

Nonetheless, the commission is ratcheting up plans to "fix" Social Security-by privatizing at least part of the system. As a Wall Street Journal article pointed out earlier this year, "A range of financial-services firms are pooling their efforts, and millions of dollars for advertising, to assist [Bush] in raising public concern about the retirement program's woes."

Why the big push? According to the Center on Budget and Policy Priorities, if only 2 percent of the 12.4 percent Social Security payroll tax could be diverted to the "private accounts" being pushed by Bush and his commission. Wall Street firms would have an additional \$86 billion to invest.

# THE ECONOMY-**Fed Banks on Workers** o Bail Capitalism Ou

o stimulate an economy that is not profitable enough to satisfy the country's ruling class, the Federal Reserve Bank lowered interest rates from 3.75 to 3.50 percent on Aug. 21. A major purpose of the latest rate cut is to entice workers into buying more "consumer goods."

In a statement announcing its decision, the Federal Reserve put it this way:

"Household demand has been sustained, but business profits and capital spending continue to weaken and growth abroad is slowing, weighing on the U.S. economy. The associated easing of pressures on labor and product markets is expected to keep inflation contained."

The Associated Press (AP) used simpler language to say the same thing.

"The Bush administration is counting on lower interest rates plus the impact of nearly \$40 billion in tax rebate money this year to boost consumer demand and provide greater strength in the second half of the year."

The theory appears to be this: Increased spending by workers will prompt industrial capitalists to increase production. That, in turn, will increase the demand for raw materials, machinery and other "capital goods." That increased demand would reduce stockpiles of unsold capital goods, which many consider the bottleneck that tempered the frenzy of

capital goods production and demands for higher productivity that characterized the "prosperity" of the 1990s.

In short, the federal government is looking to the working class to bail capitalism out from what has all the earmarks of a severe economic crisis in the making.

Although close to 1 million workers have lost their jobs this year, economists and other apologists for the capitalist system continue to insist that the country is not in a recession-at least not yet.

"Recession" is a euphemism for economic crisis, but unemployment and the effect it has on workers are not the standards used to determine if a crisis exists.

The standard used is "a decline in GDP [gross domestic product] for two consecutive quarters." The gross domestic product, according to investorwords.com, is the "total market value of all final goods and services produced in a country in a given year ... "

Even by that standard, however, a crisis almost certainly is at hand. Industrial production dropped in July for the tenth month in a row. Because the drop was smaller than previous declines, however, some economist optimistically saw the decline as a sign of better things to come.

"The manufacturing sector has been the weakest link of the U.S. economy," said one economist quoted by the

AP, "but it now appears that the worst is clearly over and that the way has been cleared for an upturn to take place over the next six to 12 months.'

Fact is, however, that no one knows how things will go in the months ahead. The economists can't agree among themselves. As The Record of Bergen Co., N.J., reported on Aug. 19:

"Is the worst over for the economy?

"Yes, says Joel Naroff, chief economist for Commerce Bank: T'm extremely optimistic' about the second half of 2001.

"No, says Howard Tuckman, dean of the Rutgers Business School: 'Call me Dr. Gloom."

Another fact is that manufacturing is not the only sector of the economy that has been hit. As the Federal Reserve noted last month:

"Sustained weakness in the manufacturing sector spilled over to other businesses [in July], with many [Federal Reserve] districts indicating declines in demand for office space and trucking and trucking and shipping services.'

Some indication of how widespread plans for layoffs are throughout the economy can be gained from what the Los Angeles Times reported on Aug. 8.

"In the telecommunication sector alone, companies have announced plans to shed at least 175,000 jobs so far (Continued on page 6)

# **Oil Equipment Manufacturers** Sacrifice Safety for Profits

By Carl C. Miller Jr. In their unceasing drive for greater profits, corporations often place little emphasis on the safety of their products and the safety of those who use them. In the field of oil drilling and exploration, as in all industries, workers suffer when these products are not up to safety standards. Often, faulty equipment on oil-drilling rigs results in very serious injuries or death for workers. A case in point is the November 1998 death of Joseph Caudell, a worker aboard an oil-drilling rig operating off the coast of Kuwait. Caudell died when the high-pressure pipes he was using in the drilling operation exploded. Chicago-based FMC Corp. manufactured the faulty pipes, which had a history of repeated failure, causing several injuries and at least two other deaths. Because of the accident, Caudell's wife, Brenda Caudell, filed a lawsuit against FMC and two other manufacturers involved in the making of the pipe and fittings in question. The lawsuit charged FMC with failing to take corrective steps that could have prevented Mr. Caudell's death.

According to a July 16 article in the Houston Chronicle regarding the lawsuit, several oil-drilling contractors reported problems with FMC's pipes and the company was aware that a problem existed. There were several accidents because of the use of the faulty pipes, both before and after

cided not to make any changes to their products is the profit motive behind capitalism. The expenses involved in making the pipe safer would reduce their profit margin. Buzbee, by citing the minutes of the firms' meeting in Houston, demonstrated this to the jurors in Brenda Caudell's lawsuit. The companies involved listed the expense as the major obstacle to preventing more pipe failures. In other words, these firms were not willing to risk losing profits to ensure the safety of the workers using their products. Because of FMC's negligence in Joseph Caudell's death, a Galveston, Tex., federal jury awarded Mrs. Caudell \$6 million in damages. It is safe to say, however, that no amount of money will be sufficient to ease the pain of losing her husband. The health and safety of workers will always take a back seat to profits under the capitalist system. Until the workers organize their strength politically and economically to rid themselves of the scourge of capitalism, their well-being will continue to be low on capitalism's list of priorities. (Continued on page 7)

#### Shysters at Yucca Mountain

The federal government has reportedly spent \$4.5 billion to date on legal and technical work to determine the safety of the proposed high-level nuclear waste repository it wants to build at Yucca Mountain in Nevada.

Assisting the federal government in this effort was the legal firm of Winston and Strawn. The Energy Department paid the firm and one of its contractors to counsel the department on how to open the site.

The advice Winston and Strawn gave the government may have been colored by other work it was doing at the same time. The law firm was also being paid by the nuclear industry to lobby Congress and "ensure the site was approved," according the San Jose Mercury News

#### Last Hired, First Fired

During the economic "boom" of the last decade, apologists for and defenders of the capitalist system proudly trumpeted small (Continued on page 7)

Caudell's death. "At least nine such incidents had occurred before Caudell's fatal accident and at least five more had occurred since then," said Tony Buzbee, the Friendswood, Tex., attorney who represented Brenda Caudell in her lawsuit.

Because of the continuing problems with their products, representatives from FMC, Haliburton Energy Services (Caudell's employer) and Anson Flowline, which makes a connector used with the faulty pipes, met in Houston to discuss possible solutions to remedy these problems. "They reached no resolution because the leading manufacturer, which was FMC, did not want to change their product and the other manufacturers didn't want to change their product," Buzbee said. "So the problem just continued to exist."

The reason the manufacturers de-

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BANGLADESH—

#### SEPTEMBER 2001

#### mishaps over the last one decade."

The same editorial continued by describing working conditions in the Bangladesh garment industry.

"Despite increasing incidences of firerelated accidents at the garment units across the country, the owners have just not cared to effect any remedial measures. Most of the buildings that house garment factories have narrow staircases and no fire exits. Some don't even have proper ventilation system in place. Day in and day out, the garment owners cram the workers into the factories and have them locked from outside till the shift ends. It's a question of attitude more than anything else. The hapless 18 and more than 150 before them who died in fire-related accidents over the last decade are not mere workers. They are human beings. Unfortunately, amidst intense debate over enforcement of industrial regulations, this is the truth the garment owners and the BGMEA have remained totally indifferent to."

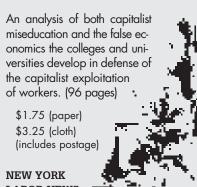
# **Do You Belong?**

Do you know what the SLP stands for? Do you understand the class struggle and why the SLP calls for an end of capitalism and of its system of wage labor? Do you understand why the SLP does not advocate reforms of capitalism, and why it calls upon workers to organize Socialist Industrial Unions?

If you have been reading *The People* steadily for a year or more, if you have read the literature recommended for beginning Socialists, and if you agree with the SLP's call for the political and economic unity of the working class, you may qualify for membership in the SLP. And if you qualify to be a member you probably should be a member.

For information on what membership entails, and how to apply for it, write to: SLP, P.O. Box 218, Mountain View, CA 94042-0218. Ask for the SLP Membership Packet.

### Marxian Science And the Colleges By Daniel De Leon



Third World capitalists are no different from their first world cousins. Profit is their only concern. Workers are cheap and their lives are expendable. The truth of this was underscored again on Aug. 8, when 23 garment workers died and 100 were injured in Bangladesh when locked gates prevented their escape from an eightstory factory building after a fire alarm went off. Sixteen died at the scene and seven died at hospitals where they were taken for treatment.

The building in the Mirpur section of Dhaka, the country's capital city, houses several factories employing about 5,000 workers, all of whom crowded staircases to exit the building.

Early reports said the fire sent black smoke billowing through the building and several explosions caused workers to panic. A later report denied there had been a fire. Another blamed a faulty fire alarm. Yet another claimed a worker had mistakenly set off the alarm. In the end it was decided that an electrical short in a telephone switchboard caused a small but smoky fire that set off the explosions and triggered the alarm.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) denied that the gates that blocked the workers' escape were locked, but that pretense was soon dropped. Witnesses reported that security guards did not show up to unlock the gates until 15 minutes after the alarm went off.

The Daily Star of Dhaka reported that 172 workers have died in fire-related incidents over the last 10 years. At least 120 of those were garment workers, including the 51 who were burned to death during the Chowdhury Knitwear fire last November. Eight of the Chowdhury Knitwear victims were between 10 and 14 years old. At least one of the 15 female workers who were trampled to death on Aug. 8 was only 16 years old.

Angry demonstrations prompted the government to launch an investigation and the BGMEA to announce it would pay 100,000 taka (about \$1,740) to the families of each of the victims.

**Sweatshop Fire Kills 23** 

"Clothing accounts for nearly 80 percent of Bangladesh's export earnings of almost \$10 billion," according to the Australian Broadcasting Corp., which translates into about 5.2 billion U.S. dollars. "About 3,000 garment factories in Bangladesh employ nearly 2 million workers."

*The Daily Star* expressed its disgust with the BGMEA editorially on Aug. 11, before the full extent of the tragedy

# letters to the People

was known.

"The government, on its part, has

commissioned two separate inquisitions

into the incidents, which are to submit

their reports within a designated peri-

od," the editors said. "If previous inci-

dents of industrial accidents were any

indicator, their reports would hardly be

of any consequence. They never are.

Had they been, there would not have

been 172 deaths, not to speak of hun-

dreds injured, in similar fire-related

#### **Tax Refund**

During a special call-in program on C-SPAN, people were asked what they would do with their highly touted tax refund checks. Some people responded that the pitiful amount of their checks—between \$300 and \$600 would not have much of an effect to stimulate the economy. Others said that the government should have used that money toward better education, health and drug programs. Some even said that it was intended as a bribe by the Bush administration.

In a recent issue of *The Progressive* magazine, an article appeared suggesting that people should donate their tax refunds to certain groups and committees dedicated to defeat the Republicans. I have an idea that is a lot more practical and productive.

All the friends and members of the Socialist Labor Party should mail their refunds to the SLP national headquarters for the Party to intensify its agitational and educational efforts for the whole working class. I have already pledged my \$300 (if and when I get it) to the SLP.

> Karl H. Heck White Bear Lake, Minn.

#### **Global Warming**

I have finished reading the July 2001 edition of *The People*. Again an excellent job with this edition. Of par-

ticular note was the article entitled "Bush Plays Politics With Global Warming." I read the whole article and I agree with what the writer stated: the Kyoto Protocol would do next to nothing to reduce greenhouse gases but would reduce profits and that President Bush's main objection is to the part that would hurt capitalist profits. This is all too true about the Bush administration. It should be noted that the Kyoto Protocol was drafted under the Clinton administration and that it was mainly Democratic senators who ensured that the agreement didn't get to the Senate floor to be voted on, as the senators of the Democratic Party also put "profits first, people last." But this is all the more reason for the SLP to become more active and to give American workers a choice. Stephen Raper Athens, Tenn.

#### Israeli-Palestinian Situation

I like your article's stand on the Israeli-Palestinian situation. Talk of a cease-fire is ridiculous so long as Palestinians have no justice.

Harvey Fuller Mystic, Conn.

Letters meant for publication should be brief and on subjects likely to be of interest to our readers. Anonymous letters are not printed, but names are withheld upon request.

When Companies Can't Pay

#### By Jeff Meisner

Those employees who didn't survive the dot-com crash and think collecting unpaid wages from their former bosses is easy better think again.

According to local legal experts, even though statutes in Washington allow former employees to go after the personal holdings of employers in order to recoup compensation they never received, proving they're entitled to the money in court and then collecting the money is never an easy proposition. "Individuals are definitely harder to collect from," Peltin said. "It's one thing to get a judgment against a faceless company as opposed to getting something from a manager whose house is on the line."

Proving the merits of collection cases is not an easy task either. Just ask Jim Webster, a plaintiff's attorney with Webster Mark Blumberg PS of Seattle. action lawsuit against a Puget Sound hardware chain, Ernst Hardware Stores, and collected \$300,000 from two executives under the same statute in the Center Point Prepress case, Webster said.

In that case, Ernst was sued for making employees work off the clock, and the company eventually went bankrupt, he said.

Steve Toll, a plaintiff's attorney with Cohen, Millstein, Hausfield & Toll PLLC, which set up an office in Seattle a few years ago, has been suing big companies and their executives for years.

Toll said that if trying to collect damages from companies is hard, then trying to do so from individual executives is infinitely harder.

"Trying to collect is brutal," he said. "It's very easy for individuals to hide money, so it's hard to get at their personal holdings. It's rare, in my experience, when we are successful at doing so."

That's because executives can put their investments, savings and holdings in someone else's name, in a trust or some other financial entity that is well protected from lawsuit damages, he said.

Steve Peltin, an attorney with Preston Gates & Ellis of Seattle, agrees with Toll. "Whenever a company goes bankrupt, that presents a problem for someone who wants compensation. Liability doesn't occur just because a company owes some of its employees money when it goes bankrupt," Webster said. "It takes a willful action on the part of management to deprive employees of their fair wages."

In 2001, a case was decided against a local company, Center Point Prepress Inc., which allowed an employee to collect unpaid wages.

"There's a state statute under which *Ellerman v. Center Point Prepress* was decided," Peltin said. "The statute provides an employee with a civil case of action if an employer has knowingly failed to pay compensation."

The statute allows employees to collect damages, attorneys' fees and the option of going after the personal holdings of executives and officers of the company failing to pay wages, he said. In 1993, Webster's firm filed a classLABOR NEWS -----P.O. Box 218 Mountain View, CA 94042-0218

(Continued on page 7)

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#### THE PEOPLE 3

# **Czech Branch of Philip Morris Touts Benefits of Tobacco**

#### Bv B.B.

he morality of capitalism frequently speaks for itself-and sometimes embarrassingly so. A recent report on National Public Radio featured an apology from the Philip Morris Cos. Inc. The Czech operation of Philip Morris was gleefully distributing a report to the effect that its products were "a boon to the economy of the Czech Republic."

The tobacco affiliate of Philip Morris International initiated a cost-benefit analysis showing that the premature death of Czech smokers had saved the government the cost of medical expenses that the state would otherwise have had to cough up. According to the report, the premature deaths saved the government a total of \$146 million it would otherwise have spent if the victims of Philip Morris' products lived typically longer, nonsmoking lives!

By that same reasoning, mass murder should be considered socially beneficial. That being obvious enough even to the bourgeois media, the report generated enough bad publicity to cause the company embarrassment. It rescinded the report.

The facts are that consuming cigarettes in the Czech Republic costs the lives of 23,000 people annually, as compared to 400,000 deaths in the United States.

Presumably, other figures are comparable as well, relatively speaking. American smoking deaths are five times the number of murders and suicides combined; nine times the number of vehicle fatalities; 11 times the firearms accidents; three times of all forms of accidents; and almost equal to the total deaths of all U.S. soldiers killed in combat in all of

# Capital and Labor

#### **By Arnold Petersen**

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the wars of the 20th century! That is the lugubrious tally for one smoking year alone. Using 400,000 annual deaths, we can assume 20 million premature deaths over the past 50 years.

Adding together all the premature deaths worldwide over the past 50 years would produce a pile of bones bigger than almost any other offense to nature and humanity ever created by the carnivorous capitalist system.

Producing this offense has required a very large agro-industrial apparatus. Philip Morris is huge, with a market value "worth nearly twice as much as the combined market value of Ford Motor Co. and General Motors Corp."

This fact takes us to the other end of its nefarious activities, the production of nicotine delivery products. The Philip Morris company is built upon not only the corpses of its smokers but also upon decades of the exploitation of wage labor. During that time it has constantly robbed its workers of the lion's share of the wealth that they alone produce.

In an equitable, rational society, the wealth produced would belong to the producers, and no minority class of parasites could exist to suck the lifeblood of the majority and dictatorially make all the decisions regarding production.

In a socialist society, all the decisions over what to produce, how and when to produce, and under what conditions production should be undertaken would be in the hands of the workers themselves. Education and health care would be free to all, and the health of individuals and of the environment would be of utmost concern. Under such conditions, the morality of capitalism would be a thing of the past, and products like today's harmful tobacco products would never be produced.



mists? And what did Marx mean by "vulgar economy"?

In a footnote to Capital, Marx wrote:

"Once for all I may here state, that by classical Political Economy, I understand that economy which, since the time of W. Petty, has investigated the real relations of production in bourgeois society in contradistinction to vulgar economy, which deals with appearances only, ruminates without ceasing on the materials long since provided by scientific economy, and there seeks plausible explanations of the most obtrusive phenomena, for bourgeois daily use, but for the rest, confines itself to systematizing in a pedantic way, and proclaiming for everlasting truths, the trite ideas held by the self-complacent bourgeoisie with regard to their own world, to them the best of all possible worlds."

The vulgar economists have, since Marx's time, been engaged much of the time in "disproving Marx." Their productions consist of "scientific conclusions" that are meant to justify profit, the concentration of capital, etc., and that credit the "free enterprise" system for society's progress, real or imagined. They say what the capitalists want most to hear. The classical economists, on the other hand, tried to explain such phenomena as rent, interest, profit, value, etc. Their investigations were carried on for the same reason that Darwin investigated biological phenomena-to come to the truth. Marx described Sir William Petty (1623-1687) as "the founder of modern political economy" and "one of the most gifted and original economic investigators." Among other things, Petty took a first step towards explaining the value of commodities. In Treaties of Taxes and Contributions (London, 1662), he wrote:

Who were the classical econo - can produce a bushel of Corn, then one is the natural price of the other; now if by reason of new and more easie Mines a man can get two ounces of Silver as easily as formerly he did one, then Corn will be as cheap at ten shillings the bushel, as it was before at five shillings caeteris paribus [all else being equal]."

> But Petty, who concentrated his studies on the subject of rents, raised more questions than he was able to answer. Classical economists who built largely on foundations Petty laid were John Locke (1632–1704), Sir James Steuart (1712 -1780), Adam Smith (1723-1790) and David Ricardo (1772-1823).

> Ricardo, who was a banker as well as an economist, started with the proposition that the value of a commodity is determined by the labor time required to produce it. He was far from being a revolutionary and never grasped the revolutionary implications of this proposition. But he sought a complete reassessment of political economy in the light of this theory. "This is therefore the great historical significance of Ricardo for the sci-" (Mary) ence

### **NEW YORK CITY Mayoral Candidate Has Sweatshop Problem**

By B.G.

The current New York City mayoralty primary has been a rather dull affair, featuring four Democratic hopefuls and two Republican candidates. One of the latter is billionaire Michael Bloomberg, who jumped into the fray unexpectedly. Bloomberg is financially supporting his own campaign and is flooding the airwaves with TV ads touting his multitudinous merits and proclaiming what a great mayor he will be.

Despite his enormous economic affluence, Bloomberg has been a cheapskate when it comes to ordering his "Mike for Mayor" T-shirts. His campaign office placed the order with N.G. Slater, a Manhattan firm that supplies political materials. Slater then sent the order to Delta, a Georgia apparel supplier, which, according to Customs Service records, imports shirts from two El Salvador factories: Industrias Amitex and J & A Textiles. The label in the Bloomberg Tshirts notes: "Assembled in El Salvador of U.S. components."

The National Labor Committee, a supporter of worker and human rights in Central America, found that these shirts were produced in sweatshops with horrible working conditions. Industrias Amitex requires pregnancy tests for women wanting work at the plant, mandatory 11-hour shifts and a 65-hour average workweek. Workers are kept in poverty by an average 60 cents an hour pay.

Although the National Labor Committee has documented the conditions at the Amitex plant, it does not have data for J & A Textiles. But Charles Kernaghan, the committee's director, notes that conditions in all of El Salvador's garment factories are similar. "I'm comfortable saying that if it's in El Salvador, it's a sweatshop," he added. "When you are talking about El Salvador, you are talking about a place where there is no rule of law when it comes to the apparel factories."

The New York Daily News, which broke the story, advised Bloomberg to follow the example of TV personality Kathie Lee Gifford, who also had a sweatshop problem. When she learned that her garment line was being produced in sweatshops, she "joined a national organization that created a manufacturing code of conduct. A clothing maker or retailer subscribes to the code and makes its factories agree to abide by it." (Aug. 4)

Of course, it is always nice to have less exploitation than more exploitation, but the essence of capitalism is exploitation. This exploitation concerns the control of the working class by the owning class that owns the means of production. Were it not for their ownership and control of the economy, the capitalist class could not squeeze the workers and deprive them of the full measure of their productive efforts. Mr. Bloomberg, himself a major capitalist, thought only of advancing his own self-interest when his campaign placed its T-shirt order, and he was not the least concerned with whether his suppliers were "nice" capitalists. Now that he has been publicly embarrassed, we can be certain that he will issue effusive apologies, which will do nothing to assuage the lot of the working class either in Central America or New York City.

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"If a man can bring to London an ounce of Silver out of the Earth in Peru, in the same time that he

No brief account, such as this, can detail the contributions that the individual classical economists made. In the writings of some there is much that is contradictory. But, after Petty supplied a beginning, each benefited from his predecessors-stood on their shoulders, so to speak-and brought understanding of political economy to a new point, illumining such subordinate subjects as money, fluctuations of prices, "productive" and "unproductive" labor, commercial crises, etc.

But it remained for Marx to put the capstone on the science. Marx did this in his great masterpiece, *Capital*, wherein he made a stepby-step critique of the capitalist economic system, carrying the investigation into areas wholly ignored by the economists who preceded him.

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# **Buying 'Labor Peace'**

A recent series by the *Detroit Free Press* on corruption in the United Auto Workers (UAW) union reported on the efforts of union dissidents to bring pressure on the U.S. Senate and other federal and state agencies to investigate what the *Free Press* called "a litany of wrongdoing" by UAW officials at 10 union locals.

The pressure worked. Although the Senate has yet to open a complete investigation, "agents from the FBI or Labor Department" are reportedly investigating "at least six locals" on charges of "potentially illegal collaboration between the automakers and union officials to buy labor peace."

What may come of the investigations is at this point anyone's guess. But what will *not* come from them is any real benefit to the cause of workers fighting for real democracy and accountability in the UAW. The reasons have to do with the nature of corruption and collaboration in the business unions that exist today.

Capitalism provides the social soil from which unions spring. Without capitalist exploitation of labor there would be no need for unions. Once unions began to form, however, many capitalists recognized the danger they posed. Some sought to smash them. Others sought to undermine and coopt them by corrupting their leaders. Offering official "recognition" of unions gave union leaders a stake in promoting "labor peace."

Unions "recognized" by capital controlled jobs, locked out the majority of workers, demanded high initiation fees and dues for admittance to membership, and intimidated and blackmailed workers into accepting the "capital and labor are brothers" mentality. Hence, capitalism not only provided the social soil that made unions inevitable, but the conditions that made them susceptible to a deep corruption of principle that destroyed their usefulness to the working class.

This was a historical process; it did not occur overnight. Some of the oldest unions in the country were originally founded on a recognition of the class struggle. But they didn't keep their members educated on the class struggle and the true mission of unionism. Moreover, the effort to build alternative, revolutionary unions in the early part of this century failed. These early class struggle unions, accordingly, fell prey to those who preached the false principles of class collaboration-a kind of unionism that sought, and today still seeks, to accommodate the capitalist class. As unions and their members were diverted from the true mission of unionism, the consequent failures of unions to serve working-class interests naturally bred disillusionment and detachment from the union by the rank and file. At the same time, labor union officials fell prey to corruption. In The Burning Question of Trades Unionism, Daniel De Leon described the process this way: "I cannot now think of any of the numerous corrupt labor leaders, whom we all know of, who did not start honest enough. But coupled to his honesty was ignorance. He knew not the kind of a weapon that labor instinctively raises its arm to ward off when it shapes itself into unions. He failed, of course. He then

imputed the failure to inevitableness. The capitalist helped him along. He lost all hope in the working class. He then decided to feather his own nest. Friendly relations between him and capitalist thought followed inevitably, and he became...the labor lieutenant of the capitalist class."

From that point onward, the unions became the labor-merchandising outfits that they are today, run by a tier of entrenched bureaucrats who have a material stake in preserving their own power and privilege and in selling out workers' interests in order to serve the interests of their clients, the capitalists.

The fact that some of these labor lieutenants of the capitalist class have embraced mobsters, thugs, racketeers and other schemers to further their own interests and enhance their power is simply an additional and incidental, though consistent, act of corruption.

The rank and file's lack of understanding of the class struggle and the true mission of unionism is the real starting point of corruption and bureaucratization.

State control of the unions cannot solve this problem, although it may help grease the skids for a more totalitarian society in which unions are so encumbered by repressive controls that no real union fighting for workingclass interests is possible. Mechanical measures intended to foster democracy in unions whose basic tenets are diametrically opposed to working-class interests are inherently useless. Only the workers themselves can build real democracy and an incorruptible adherence to working-class interests in the unions.

Workers can and will have truly democratic, incorruptible unions only when they themselves become educated as to the class struggle and the true mission of unionism, and organize revolutionary unions either by capturing and transforming the existing unions or by creating new ones.

Only a rank and file conscious of the historic mission of unionism—the emancipation of the working class from wage slavery—can build a unionism that will not be rife with bureaucracy, corruption and class-collaborationist practices. Imbued with the purpose of abolishing capitalism and establishing a new social system based on social ownership of the means of wealth pro-

### <u>A De Leon Editorial</u>



A Lesson for Socialists

Misery and discontent, by themselves, will not move the masses. Socialist education and action are needed.

#### The Insufficiency of Misery (Daily People, Oct. 25, 1909)

Frequently is the remark heard in anti-Socialist circles: "The workingmen are too well off to join a revolutionary movement. They must first be more miserable." How false this is, and how utterly insufficient is misery alone to build a revolution, the recent developments in England prove to the full.

In that country the Royal Commission on the Poor Law and Relief of Distress has just rendered its special report. From this report the fact appears that unemployment and consequent destitution have hugely increased in the last year. For the year ended March 31 last, 196,757 persons out of employment applied for relief in England and Wales, London aggregating 49,239 of these, and outside of London 147,518. The previous year the applications were 32,624 in London, and 57,433 in the remaining districtsmaking for this year an increase of over 50 percent in London, and of nearly 200 percent outside of the capital.

From the report appears the further fact that destitution has now reached such a pitch in Great Britain that 31 persons out of every thousand were relieved in 1908–9, as against 14 out of every thousand for 1907–8, an increase of more than 100 percent over the previous year's number. The exact figures are given as 56,413, representing 150,971 dependents for 1907–8, and 136,589, representing 376,043 dependents for 1908–9, an increase of nearly double the earlier year's record.

A third vital fact peers out of the commission's report; namely, that miscellaneous or casual laborers, i.e., those who have been driven by the improved machine from the position of skilled workmen, or have been prevented by the division of labor from learning a trade, furnished 47.4 percent of the applicants. Furthermore, that the building trades furnished 16.9 percent, and that the number of applicants from the engineering, shipbuilding and metal trades was 50 percent higher in 1908–9 than in the preceding year.

Finally, a fourth and momentous fact is revealed: that a majority of the unemployed are in the very prime of life. In London only 9 percent of the unemployed seeking relief were under 20 or over 60 years of age, and the enormous proportion of 51 percent were between 20 and 40.

Here then, is a picture of misery almost unexceeded. A great, a 100 percent increase in unemployment and destitution, 31 out of every thousand in the population driven to seek relief, nearly half the applicants deprived of a trade by the improved machine, and over half of them in the best working years of their life, yet denied an opportunity to work—and yet the revolutionary movement in England has been making of late no particularly great strides.

If misery were sufficient to build a revolution, surely here were misery enough. But misery lacks that sufficiency by many a length. Misery is not enough; it must lead to discontent. Discontent is not enough; it must be enlightened on the causes of its misery, and the cure. Enlightenment is not enough; it must be organized, disciplined and drilled to effect the salutary revolution.

There is misery aplenty in the world today. No need to wait for more. Education and organization are now the needs of the hour.

# what is socialism?

Socialism is the collective ownership by all the people of the factories, mills, mines, railroads, land and all other instruments of production. Socialism means production to satisfy human needs, not, as under capitalism, for sale and profit. Socialism means direct control and management of the industries and social services by the workers through a democratic government based on their nationwide economic organization.

Under socialism, all authority will originate from the workers, integrally united in Socialist Industrial Unions. In each workplace, the rank and file will elect whatever committees or representatives are needed to facilitate production. Within each shop or office division of a plant, the rank and file will participate directly in formulating and implementing all plans necessary for efficient operations.

Besides electing all necessary shop officers, the workers will also elect represen-

duction and democratic workers' control of industry, workers organized into Socialist Industrial Unions would not permit aspiring bureaucrats to seize control of their unions.

Such a classconscious rank and file would be constantly mobilized, and actively involved, in debating and democratically determining all major decisions of the union. The union would no longer be seen as an entity separate from the workers themselves, as is usually the case with the procapitalist unions. With further safeguards, such as the right to immediately recall union representatives and workers' wages for all officers, bureaucracy and corruption would be things of the past.

Only a classconscious rank and file can ensure union democracy and build the kind of union that will conduct an uncompromising fight for workers' economic security and eventual emancipation from wage slavery. -K.B. tatives to a local and national council of their industry or service—and to a central congress representing all the industries and services. This all-industrial congress will plan and coordinate production in all areas of the economy. All persons elected to any post in the socialist government, from the lowest to the highest level, will be directly accountable to the rank and file. They will be subject to removal at any time that a majority of those who elected them decide it is necessary.

Such a system would make possible the fullest democracy and freedom. It would be a society based on the most primary freedom—economic freedom.

For individuals, socialism means an end to economic insecurity and exploitation. It means workers cease to be commodities bought and sold on the labor market and forced to work as appendages to tools owned by someone else. It means a chance to develop all individual capacities and potentials within a free community of free individuals.

Socialism does not mean government or state ownership. It does not mean a state bureaucracy as in the former Soviet Union or China, with the working class oppressed by a new bureaucratic class. It does not mean a closed party-run system without democratic rights. It does not mean "nationalization," or "labor-management boards," or state capitalism of any kind. It means a complete end to all capitalist social relations.

To win the struggle for socialist freedom requires enormous efforts of organizational and educational work. It requires building a political party of socialism to contest the power of the capitalist class on the political field and to educate the majority of workers about the need for socialism. It requires building Socialist Industrial Union organizations to unite all workers in a classconscious industrial force and to prepare them to take, hold and operate the tools of production.

You are needed in the ranks of Socialists fighting for a better world. Find out more about the program and work of the Socialist Labor Party and join us to help make the promise of socialism a reality.

# **OUT OF WORK!** How Safe Is Your Job?

J obless! Willing and able to work, a family to feed and shelter—but no work! This is the plight shared by millions of Americans in a land of plenty. And millions more live in fear that their jobs may soon disappear! Why? What's wrong?

The workers of America need a clear and candid answer to this question. Instead they are fed massive doses of optimism to the effect that this is a temporary "recession"—a kind of economic coffee break between booms.

But optimism doesn't provide food or shelter, nor does it explain the cause of unemployment.

The first step toward solving any serious problem is a clear understanding of its cause. The Socialist Labor Party (founded in 1890) says the cause of unemployment has nothing to do with who lives in the White House or sits in Congress. Politicians don't decide who will work and who will not. They do not decide what to produce or when to produce it. In a capitalist economy those decisions are made by those who own the things needed produce and distribute the goods and services that everyone needs. They are made by the capitalist class.

#### **Capitalism's Weakness**

Capitalists and their politicians have no more control over economic crises than they have over earthquakes or hurricanes. The "recessions" and "depressions" that bring unemployment are caused by the capitalist system itself. That's because the capitalist system has a fatal weakness. That weakness is that wages are never enough for workers to buy back all that they produce. Wages may go up in "good times" and fall in bad ones, but in the long run and on the average workers get what is loosely called "a living wage."

As a result, workers can buy back only a fraction of their product. The rest—the difference between what workers produce and what their wages can buy—is either consumed by the capitalists, spent on expanding and modernizing industry, exported to other countries, or simply wasted.

#### **Too Much to Sell**

But American workers produce so much that despite all this capitalist waste and spending huge surpluses of unsold goods pile up. Every unemployment crisis since the Great Depression of the 1930s was triggered by this "overproduction." The present crisis is no different. Hard times are here for workers because they produced too much! When we say "too much" we mean too much to sell, not too much to use. Tens of millions of Americans have basic needs that are not being filled. That's because things aren't produced to satisfy human needs: they're produced to be sold at a profit. When capitalists can't sell what workers have produced, production is cut back, factories close down, offices are vacated and unemployment spreads. New technology and automation only make things worse. Every new advance in labor-displacing technology widens the gap between what workers produce and what their wages will buy. The result is that economic crises occur at frequent intervals. There have been four recessions since 1970 and nine since the end of World War II.



produced more than ever before. But the so-called boom brought no real or lasting security to the workers who produced all that wealth. The increase in unemployment and the persistence of poverty is proof of that. And it takes only weeks or months of unemployment to wipe out any "gains" from years of hard work.

All this is the logical result of capitalism—of a system in which a numerically small class of capitalists owns all the means of social production, while the overwhelming majority, the working class, owns nothing except their ability to work.

And by "workers" we mean teachers as well as truck drivers, scientists as well as steelworkers. We also mean the millions of unemployed workers whose abilities to perform mental and manual labor are not being used, but are being wasted by capitalism. These are the grim realities of capitalism.

#### **Reforms Solve Nothing**

Government reforms can't solve the problem, and history proves it. During the Great Depression of the 1930s, capitalism adopted the most elaborate social reform program in history. It was called the "New Deal," but it failed to end unemployment. President Roosevelt admitted as much in 1940 when he said: "We cannot report...that all the problems are solved. The fact of unemployment of millions of men and women remains a symptom of a number of difficulties in our economic system not yet adjusted...we have not yet found a way to employ the surplus of our labor which the efficiency of our industrial processes has created .... '

The lesson is clear. Unemployment and depressions are inherent in the capitalist system. Consequently, the inter-

# Manufacturing Job Losses in N. Carolina

By Michael Walden

Our economy has changed dramatically in the past 50 years; some say not for the better.

Years ago, more people worked in factories, making cars, steel, ships, shoes, and in North Carolina, furniture, clothes and fabric. Today these factories don't dominate the economic landscape. Does this mean we're not making anything anymore?

No optically the productivity over

think manufacturing is down and out for the count?

One reason: While the manufacturing sector grew in recent decades, other economic sectors grew more, resulting in manufacturing making up a smaller slice of today's economic pie.

For example, manufacturing today accounts for 17 percent of the national economy; 50 years ago it was about 25 percent. In North Carolina, manufacturing contributes 24 percent to the total state economy, but 25 years ago it was 34 percent. Another reason some view industry in decline is that manufacturing employment fell in recent years. Nationally, manufacturing employment dropped steadily for the past 20 years, and the number of North Carolina workers in factories also diminished for several years. But how can manufacturing output rise while manufacturing employment falls? It's simple. Worker productivity has skyrocketed. Due to more and better equipment and improved training, the average factory worker today is 400 percent more productive than her counterpart 50 years ago. This is essentially why U.S. manufacturing workers can compete with lower paid, yet much less productive, foreign workers.

ests of the overwhelming majority dictate that capitalism be replaced by a new social system capable of guaranteeing security for all—socialism.

#### **Genuine Socialism**

Unfortunately, many workers think that socialism means an oppressive system of government ownership and control similar to what used to exist in Russia. The truth is that socialism never existed in Russia, or anywhere else. Socialism means economic democracy. There was no more economic democracy in the old Soviet Union than there is in the United States.

Under genuine socialism there would be neither capitalists nor bureaucrats. The present political government that serves the interests of a small class of economic despots would be replaced by a democratic economic administration based on representation from all the industries and services. Workers would vote where they work. They would elect their own supervisors, plant management committees and representatives to all higher administrative councils. On the national level, to administer and direct overall social production, there would be an Industrial Union Congress representing all the trades and industries of the land.

This new congress would be under the constant control of the workers and would be fully responsive to the wishes of the majority because the decisive power—the economic power—will be firmly in the hands of the rank and file.

In America we have everything it takes to end unemployment and poverty and to build a society in which freedom and security would be guaranteed to all. That is a fact no one can dispute. We have an abundance of skilled and productive labor. We have the tools. We have the raw materials. In short, we have the physical means with which to produce an abundance for all. What we don't have, however, is the economic democracy that would enable us to use these skills, tools and resources to end unemployment and poverty permanently.

The solution to the problem of unemployment is not complicated. We—the working men and women who have made this the richest country in history—must replace private ownership of the industries with social ownership (i.e., the industries must be owned by all the people collectively). We must replace production for sale and profit with a system of production for use. And we must replace economic dictatorship with economic democracy.

Then and only then will America belong to its people again. Then and only then will involuntary unemployment be eliminated. Then, instead of kicking workers out of jobs. automation will shorten the workday, workweek and workvear. Technological progress will no longer be something for us workers to fear, but an unqualified blessing that will insure abundance and leisure for all. In America we can achieve socialism peacefully. Thanks to the foresight of the Founding Fathers who put a clause in the Constitution-Article V, the amendment clause-providing for social change, we can outlaw capitalist ownership by a democratic decision at the polls. But before we can do that we must do two things. First, we the workers must reject the political parties of capitalism and support the party of the working class-the Socialist Labor Party. Second, we must consolidate our economic might into a nonviolent but irresistible forceinto one all-embracing Socialist Industrial Union capable of taking possession of the industries and services in the name of society and operating them in the interest of all.

#### From 'Boom' to Bust

The 1990s were supposed to be "boom" years during which American workers

No, actually the productivity numbers are stunning: The annual output from our nation's factories is six times greater today than 50 years ago. Contrary to what many think, national manufacturing output went up, not down, in the past five decades.

Furthermore, it's hard to find a manufactured product with an annual output lower today than 50 years ago. Consider: Compared to 50 years ago, today we produce 15 percent more iron and steel, 300 percent more vehicles, 1,500 percent more industrial equipment, 73 percent more apparel products and 190 percent more textiles.

These trends are mirrored in North Carolina. Compared with 25 years ago, our total manufacturing output is up 44 percent, furniture output is up 14 percent, industrial machinery production is up 90 percent and tobacco output is up 14 percent.

If, as these statistics indicate, manufacturing is far from dead both nationally and in North Carolina, why do many Manufacturing's face, nationally and in North Carolina, is certainly different today than in the past.

(Continued on page 7)



# 2550**75**100 years ago

ing females before the camera.

#### The Herd Instinct

(Weekly People Sept. 4, 1926) Man is a "social animal" in whom the herd instinct has developed into a mania. That is why, we suppose, he patiently endures, even delights in subway jams and takes his holiday pleasures at overcrowded, dirty and noisy beaches and resorts rather than seeking quiet sylvan paths. That is also why man can at almost a moment's notice be stampeded, like any other herd of cattle, by a few newspaper headlines. It matters little what is the latest sensation-the American Legion goading "reds," the Prince of Wales, Mary Pickford, a French prize fighter, a returning channel swimmer, a group of aviators, an Alaska sledge dog, a newly married jazz singer, a dead sheik-America's, and perhaps particularly New York's, footloose will stream to any indicated spot and, driven by man's, perhaps second-greatest instinct, curiosity, will literally endure having their shirts torn off or their heads staved in in order to get just a look in at "the latest."

The herd instinct exhibition reached what may well be considered its final heights with the death of the film actor, Rudolph Valentino. Valentino was not a great actor, or artist: the best of such have died and been buried in comparative decency, even rather ignored. Valentino's reputation was built on being a film sheik, which, translated, we take to mean one who can put extraordinary salaciousness into hugging and kissThis power might naturally be supposed to appeal to flappers of all ages and all sexes who are on constant hunt for vicarious sex sensations as a substitute for the drabness of their real lives. Valentino, still a mere youth, took sick with a complication of diseases that might well indicate that he had lived rather swiftly in reality as well as on the screen. Instantly he is the subject, willingly or otherwise, of the most fulsome publicity-the World War itself did not get any more extensive "free" advertising and a dying president of the United States would be too small fry to mention in comparison. All the editions from the tabloid to those of "all the news fit to print" vied with each other in Valentino headlines. The hospital doors became besieged with gapers, and when "the sheik" finally died the stage was set for a stampede. The twolegged herd rushed the funeral parlors; a teeming rain could do nothing to disperse them; plate glass windows were smashed; women fainted; children screamed; hundreds of people were hurt, emergency hospitals were set up on the ground; the police, the mounted, the riot squad, charged the crowd and laid about with their nightsticks, and still the two-legged herd increased. For two days until midnight more than 50,000 stood constantly in line, mostly in heavy rains, herded like cattle by the police to get a glance at the casket through a glass pane of [on] which could be seen the face of the dead "sheik."

A three-second glance, as one paper put it, was the average reward of a three-hour wait. There was of course no real sincerity in this "tribute." Most of the "mourners" were "there because they were there." A sentimental flapper here and there shed a tear. while others actually giggled. Now and then an actress or a chorus girl managed to faint only to recover quickly when a reporter asked the name and address or a camera snapped. Politics were not absent either. Valentino was an Italian-came to this country a poor immigrant boy. Mussolini telegraphed a wreath, and American "Fascisti" volunteered guards around the coffin, which gratuitous officiousness was disputed by anti-Fascists, resulting in a near riot at the side of the bier. The spectacle finally became so revolting that publicity or no publicity, his manager put an end to the show.

The papers, the more decent perhaps feeling a bit ashamed of the response to their fulsome publicity, try to excuse the disgusting spectacle by "romance which springs eternal in the human breast." But stronger than romance is the herd instinct, and we miss our guess if the capitalist press does not genuinely desire to play on this, to try how far it can go and how easily it can manage and control the herd. It may come in handy some day in a more "sacred" cause than that of stampeding the funeral parlors of a dead movie sheik.

Activities notices must be received month. Meetings are usually held by the Friday preceding the third at the Central Library, but the Wednesday of the month.

#### CALIFORNIA San Jose

Discussion Meeting-Section San Francisco Bay Area will hold a discussion meeting on Saturday, Sept. 15, 1–3:30 p.m., at the Empire Branch Library, 491 E. Empire St., San Jose. Moderator: Bruce Cozzini. For more information please call 408-280-7458.

#### OHIO

#### North Royalton

Social & Discussion—Section Cleveland will hold a social and open discussion on Sunday, Sept. 16, at 9626 York Rd., North Royalton. Begins at 1:30 p.m. Refreshments served. For more information please call 440-237-7933.

#### OREGON

#### Portland

**Discussion Meetings**—Section Portland holds discussion meetings every second Saturday of the

exact time varies. For more information please call Sid at 503-226-2881 or visit our Web site at http://slp.pdx.home.mindspring.c om. The general public is invited.

#### PENNSYLVANIA Philadelphia

House Party-Section Philadelphia will hold a house party on Sunday, Sept. 23, from 1 to 5 p.m., at 15024 Liberty Lane, Philadelphia. For more information please call 215-673-1170.

#### TEXAS Houston

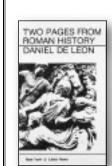
Discussion Meetings—The SLP group in Houston holds discussion meetings the last Saturday of the month at the Houston Public Library, Franklin Branch, 6440 W. Bellfort, southwest Houston. The time of the meetings varies. Those interested please call 713-721-9296, e-mail houstonslp@lycos.com or visit the group's Web site at http://houstonslp.tripod.com.

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(Continued from page 1) this year, including almost 39,000 at Lucent Technologies, 20,000 at LM Ericsson and 15,000 at Alcatel, according to a monthly survey by Chicago outplacement firm Challenger, Gray & Christmas.

"Computer companies have said they plan to cut 101,000 jobs this year. Automotive companies have announced 91,800 planned cuts and the electronics and industrial sectors have said they intend to shed about 162,000 jobs."

Ironically, some observers hang their hopes for avoiding the crisis they insist is not here on increased spending by workers. "Capital spending by business had underpinned the economic boom of the late 1990s," according to the Montreal Gazette "Without that stimulus, it's been left to consumers to drive the economy forward." "Consumers in the U.S. have continued to borrow and spend, keeping the economy from a more seri-

ous tailspin," the Canadian newspaper added. "But that trend may not be sustainable when one considers that household debt has reached record levels. If consumers start to worry about job security, they'll really cut back on spending."

**Fed Banks on Workers** 

Similarly, an AP article circulated on Aug. 9 said that, "The consumer sector, which accounts for two-thirds of total economic activity, has been the main force keeping the country out of recession." According to that report, however, a survey by the Federal Reserve found that retail sales in July were "generally sluggish and frequently below expectations despite substantial discounting on a wide range of consumer goods."

in June, which included \$697.3 billion in credit card and other forms of so-called revolving debt.

Can a working class that is already in debt up to its ears be expected to bail capitalism out of a crisis brought on by massive increases in productivity and exploitation during the period of socalled prosperity? The answer should be obvious. If workers had the capacity to buy all that they produce they would not be in debt, factory inventories would not be bloated, and layoffs would not be needed to reduce production and move unsold goods.

Capitalism may find a way to iggle out of its current predicament without slipping any further into crisis than it did during nine other "recessions" since 1946.

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Two days earlier, the Federal Reserve released its monthly report on outstanding consumer credit. That report showed that consumer debt stood at \$1,581.5 billion

If it does, however, it will only be to
pave the way for a deeper crisis down
the line as markets become in-
creasingly glutted with even more
commodities that cannot be sold

<b>Funds</b>
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(July 18-August 17) 2001 National Convention **Banquet** Fund John & Mary Brlas \$93.07; Carl C. Miller Jr. \$50. Total: \$143.07

SLP Sustainer Fund Robert P. Burns \$150; Bernard Bortnick \$100; \$50 each Carl C. Miller Jr., Karl H. Heck; Richard Aiken "In memory of John W. Aiken" \$30; Lois Kubit \$25; Section San Francisco Bay Area: William

#### Kelley \$10. Total: \$415.00

Press Security Fund Joseph L. Bregni \$200; Michael Preston \$75; Louis Lipcon "In honor of Donna Bills' 50th birthday" \$50; Robert Varone \$25; John-Paul Catusco \$21.50; \$20 each Horace Twiford, Thomas McEvoy; \$15 each Michael Preston, Sophia Carevich; \$10 each Lola Boswell, Lawrence Keegan, Francis Playford; \$5.20 each Paul Wolf, Orville Rutschman; \$5 each Gerald Bemrick, Peter Cangialosi, Frank Rudolph, Albert Moore, Diane Poole, Leonard W. Kitts.

### Total: \$511.90 Leaflet Fund

Joseph J. Frank \$10; R.C. Moody \$5. Total \$15.00

Xmas Box Robert Varone \$25.00 (total).

### **Blizzards?**

If you find yourself tramping through rain, sleet and snow to get your copy of The People: Wouldn't it be easier to enter a subscription? And one for a friend? Use the special holiday subscription coupon on page 2.

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# Korean Unions

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(Continued from page 8) cians, possibly because they represent only 10 percent of South Korean workers. Another is that unions cannot organize on an industrial level but are restricted to the company level. Remove these obstacles and some believe that the KCTU would settle into the capital-and-labor-are-siblings routine as comfortably as unions in other countries.

"Some labor spokesmen seem to agree that empowerment is the path to becoming less 'militant' and more 'peaceful," an

"The industrial-level union is the way we should be headed, and where the KCTU is currently headed. The government should prepare systems for the change, but to achieve that goal, the most important thing is a change in the capitalists' thinking."

In short, South Korean trade unions only want what trade unions in other capitalist countries have. They want to be "recognized" and accepted by the country's ruling class, the same as procapitalist "business unions" such as

# **In Brief**

(Continued from page 1) economic gains made by Hispanic and black workers. Such gains, media pundits and prognosticators proclaimed, were evidence that institutionalized racism had moderated, that advances were being made toward a "color blind"

Most workers of color with any experience in the labor market know what really happened. They were hired in greater numbers because most white workers were already hired during the "boom." They were, once again, the last to be hired. Nothing new.

Now that the "boom" has gone bust, employment figures corroborate that view. Black and Hispanic workers are being hit hardest by the bust. According to the Dallas Morning News, both black

and Hispanic unemployment rates have jumped disproportionately higher than the unemployment rate of white workers.

Last hired, first fired. Just as it has always been under capitalism. It is, after all, an economic system under which the tiny capitalist minority that owns and controls the economy has always fostered divisions and inequality among workers. That which keeps the working class divided makes capitalist-class rule stronger.

#### No Conflict

Louis Uchitelle, writing in The New York Times last month, took note of what he thought was a conflict in an issue of the Harvard Business Review resulting from the juxtaposition of two articles. One proclaimed the virtues of a company developing loyalty among

workers by avoiding layoffs at all costs, and another argued-as Uchitelle put it-that "in today's world, only chumps fall into the loyalty trap."

There is no conflict. Companies profess and demand "loyalty" when they need docile and productive workers. They lay off workers when they don't.

Uchitelle asserts that "in the 21st-century downturn, loyalty's enemy-the layoff-is...winning acceptance as standard business practice." He said that, "There is even the view that fear of layoffsjob insecurity—works as well as lovalty in motivating workers." He said these things as though they surprised him. Did they?

Hire and fire aren't exactly new ideas in the world of industry and commerce. The least we should get for the dollar it costs to buy a copy of The New York Times are columnists who are dry behind the ears.

-K.B.

# In Old Hebron, Home Is No **Refuge From Political Violence**

By Chris Smith

©Pacific News Service HEBRON—A white Chevy van winds its way up the main street toward a hilltop neighborhood, stops, and a family emerges. The father holds a child's arm in one hand and in the other, an M-16.

Jarring scenes like this are a fact of life in this divided West Bank city.

Rima Abu Eisheh, a Palestinian, lives across the street from the Israeli settlement of Admot Yishai. Red iron grating covers the front of her house. Settlers regularly try to pry the grate loose, and recently threw pots of boiling oil through the grate and onto the door, said Rima, 33, whose family has lived in the house for 18 years.

But on July 14, settlers broke through the 10-foot fence into the backyard and caught Rima's husband, Taysir Mohammed Hamed, slipping out the side door, which the family often uses to avoid them. 'They started choking and kicking him," Rima said. "The settlers were never friendly. They always hated us. But it's much worse now." Taysir was injured in the neck, head and back.

Human rights groups charge that Hebron district settlers have stepped up attacks against Palestinians in recent weeks, rampaging through Arab neighborhoods, smashing windows, beating residents and breaking into homes.

Kathy Kamphoefner, a member of the Christian Peacemakers Team (CPT), an independent observer group in Hebron, confirmed the recent escalation. "The vast majority of violence in the area is instigated by settlers," she added. CPT has documented settler harassment of the Abu Eishehs since 1997.

Society for the Protection of Human Rights and the Environment, a prominent East Jerusalem rights group.

David Wilder, spokesman for Hebron's settler community, disputed the charges. "[The Palestinians] are very good at lying," he said. "Most of this is not true. It has been turned all around. For the last 10 months we've been under attack." Settlers were defending themselves against Palestinian aggression, he said. "When you're shot at dayin and day-out, people will react. I have five bullet holes in my apartment."

Of the 129 Israelis killed since the beginning of the Intifada last September, more than 80 have been settlers. At least 579 Palestinians have been killed. The Palestinians are calling for the removal of all Israeli settlements, deemed illegal under international law, from the West Bank and Gaza Strip.

The conflict is most acute in Hebron, where 450 Orthodox Jewish settlers, seen as extremists by some Israelis, live in four settlements in the heart of the old city amid 120,000 Palestinians. Under a 1997 interim peace agreement, the city was divided into areas of Palestinian (H1) and Israeli (H2) control, a move that has only exacerbated tensions. Now, soldiers and settlers exchange fire with Palestinian gunmen in H1 almost every night.

In the old city's empty market streets, soldiers recently patrolled alleyways in silence past shuttered Arab storefronts which settlers had covered in anti-Arab graffiti. H2's Palestinians were under a 10-day, roundthe-clock curfew, a measure frequently imposed by authorities to separate the sides. Palestinians complain the curfew just makes them easy targets. Fatin Al Bach Husseini, 22, lives with her family on the second floor of a stone house in H2. Every Saturday for the past month, she said, mobs of setcarrying guns and tire irons. On July 14, they attacked her home, she said. "They throw stones and shoot into our windows. Even the small ones have guns." A clock hung crookedly on the wall, its glass smashed and its hands stopped at 10:26.

Afef Abdel Aziz Al Bach, Fatin's mother, said when the settlers appear the family calls the Israeli police, who have civil responsibility for the Palestinian residents of H2.

"They try to help, but they can't do anything," she said. "The soldiers protect the settlers."

Residents and rights groups assert that the Israeli Defense Force (IDF) tolerates and sometimes even cooperates with settlers' actions.

"Settlers have physically attacked many Palestinian homes in the old city, often directly under the eyes of IDF soldiers present nearby, who did nothing to stop them," concluded an April report on Hebron by the international Human Rights Watch.

An IDF spokesman emphasized that the police have overall responsibility for the actions of Israeli citizens in the Occupied Territories, and that the army is limited in its policing functions. "If soldiers are at a specific position, for example, and they see something happen, they might not be able to leave (the position). They'd have to call for reinforcements," he said. "[But] in principle they do react if they see scuffles."

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online report posted by Koilaf said. The report added:

"There are two kinds of labor militancy,' said Yoon Jinho, professor of labor economics at Inha University ideological and apparent labor militancies.'

"Television news footage showing union members occupying the streets and clashing with riot police has largely contributed to molding the perceptions of foreign viewers, Mr. Yoon said, but such scenes do not mean that labor unions are inherently militant. Ideologically militant unions deny the legitimacy of capitalism itself, but Korean unions are far from harboring such an ideology, he said."

KCTU leader Dan Byungho does not disagree. He said:

the AFL-CIO, the Canadian Labor Congress or the Trades Union Congress in Britain.



(Continued from page 2)

However, those few cases aside, such lawsuits are relatively rare for the time being due to the difficulties involved in prosecuting them, Webster said.

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#### E-MAIL THE PEOPLE

Writers of letters to The People via e-mail should address their communications to thepeople.igc.apc.org. Those wishing to communicate with the Socialist Labor Party should address their e-mail to socialists@igc.apc.org.

Between June 12–25, at least 46 Palestinians were injured and three killed in settler attacks in Hebron district alone, according to the Palestinian

(Continued from page 1)

Only under a system whose sole priority is the welfare of its people will society's priorities finally be in the right place. That system is socialism, and the Socialist Industrial Union program of the SLP is the key to making it a reality.

Back in her hilltop neighborhood, across the street from the Jewish settlement, Rima Abu Eisheh sat on the floor baking wide pieces of pita bread, one at a time, on a small portable cooking pot. Behind her, three brightly colored birds twittered away in cages. A child piloted a bike through the narrow corridors of the house.

"These kids can never play outside," she said. "It is too dangerous."



(Continued from page 5) To use a common phrase, today's manufacturing is lean and mean, producing more with fewer workers.

tlers have surged through the old city,

Manufacturing growth has been eclipsed by growth in other economic sectors, but manufacturing is still an essential and substan-

tial part of our economy. Manufacturing is not going away, but it's changing.

Michael Walden is an economist at North Carolina State University who can be reached at michael\_walden@ncsu.edu.

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# **Capitalists the World Over Seek China's Convict Labor**

By Diane Secor The laogai system of convict labor in China has lured capitalists from all over the world, among them capitalists from the United States. The attraction, presumably, is "cheap" labor, which supposedly translates into big profits.

Some observers describe the laogai system as slave labor, while others describe it simply as cheap labor. Slave labor may or may not be cheap. For that matter, wage labor can also be cheap. However, the cheapness of labor does not depend on its form. It depends on what portion of the wealth labor creates must be devoted to keeping the laborer alive and in working condition. Ultimately, labor's productivity, not its form, determines if it is relatively cheap or relatively expensive. The more productive it is the more likely it is to be exploited of a large proportion of what it produces. The less productive it is the more of its product will be needed to keep it alive and the less "surplus" there will be for capitalists or state bureaucrats to pocket as profits.

China's labor is not highly productive labor when compared to European, Japanese or American labor. The difference has nothing to do with it being Chinese. The difference has to do with the state of Chinese technology, which lags far behind that of the industrialized capitalist countries. Accordingly, Chinese labor today is incapable of yielding surpluses as large as European, Japanese and American labor. With rare exceptions, mostly confined to the low-tech end of the manufacturing scale, China's ruling class cannot exploit its working class as efficiently as the ruling classes of the industrialized countries. This is why China's ruling class is so interested in acquiring modern technology from the United States and other capitalist countries.

Where does the *laogai* system of convict labor fit into this, and why would any American capitalist want to get involved with it?

The answer is that not all industries require the same level of advanced machinery and high technology to be "competitive." Convict labor usually is unskilled labor. It is a hodgepodge of humanity thrown together for political or other reasons.

"The *laogai* is the vast labor reform system in the People's Republic of China," according to the Laogai Research Foundation. "The *laogai* was created by the Chinese Communist Party under Mao Zedong, yet it still serves the one-party dictatorship as the primary instrument for detaining political dissidents and penal criminals. The two major aims of the *lao gai* are to use all prisoners as a source of cheap labor for the communist regime and to 'reform criminals' through hard labor and compulsory political indoctrination...."

Working conditions for Chinese labor are bad enough. China Labor Watch claims it has documented thousands of cases of "work-related deaths and injuries at Taiwan-invested companies in Guangdong," the Chinese province that borders Hong Kong. "Most of these factories are local partners with many American and Western multinational companies," many of which supply products for U.S. markets.

Workers who protest these conditions are subject to arrest and imprisonment in *laogai* mines and factories for "reeducation" under horrendous conditions. Coal mining in China—much of which is undertaken by the *laogai* system of labor—is particularly dangerous. Agence France Presse reports that "every year, an average of 10,000 miners are killed in Chinese coal mining accidents."

*Laogai* not only serves to intimidate workers who are not incarcerated, but also furnishes foreign capitalists with convict labor through various partners, subsidiaries and subcontractors.

There has been some debate within the U.S. capitalist class and among its political representatives on how trade with China is bolstering a military and economic rival on the international scene. However, the abundance of unskilled labor in China has tended to override these considerations with some capitalists. Peter Levy, president of the Label/ Noesting Co., a manufacturer of office supplies, identified one U.S. firm that has shamelessly profited off this *laogai* system. In testimony before the Senate Committee on Foreign Relations four years ago, Levy decided to "blow the whistle" on a competitor, Officemate International of Edison, N.J.

Levy testified that Officemate bought supplies from Allied International Manufacturers Stationery Co., Ltd. (AIMCO Nanjing), which was a subsidiary of AIMCO New Jersey. He also testified that AIMCO Nanjing was using labor from a prison camp to do the assembly work in making office supplies that were exported back to the United States.

U.S. statutes outlaw these practices. One provision of the United States Code, as Levy described it in his 1997 testimony, "makes it a criminal offense to knowingly transport in interstate commerce or from any foreign country into the United States any goods manufactured, wholly or in part, by convicts or prisoners."

Levy cited another section of the U.S. Code, which "states that all packages containing any product manufactured, wholly or in part, by convicts or prisoners when shipped or transported in interstate or foreign commerce shall be plainly and clearly marked so that the name and location of the penal institution where produced may be readily ascertained on an inspection of the outside of such package."

However, enforcement of these laws is almost nonexistent.

Laogai labor flourishes in China because it is extremely profitable for China's ruling class. Beijing and Washington propagandists claim that China's "free market reforms" and more U.S. trade will lead to more "human rights" and "democracy" in the "People's Republic," but the evidence refutes this. Increased foreign investment has only helped to keep China's bureaucratic ruling class in power and to generate higher profits for foreign capitalists.

# *Crisis in Ukraine's Coal Mines*

Until recently, Ukraine's coal mines were said to be the most dangerous on Earth. That dubious distinction now appears to belong to China, where recent reports suggest that as many as 10,000 miners are killed every year.

Nonetheless, Ukraine's mines remain high on the list of the world's most deadly. Mining accidents claimed 318 lives last year, and 113 more miners died on the job during the first half of the current year. This year's toll jumped to 146 on Aug. 19 when a methane and coal dust explosion deep inside an underground mine in eastern Ukraine snuffed out the lives of 33 additional miners.

Why are Ukraine's mines more dangerous than those of most other countries? Ostensibly, it is because the country is too poor to buy the equipment and provide miners with the training needed to improve conditions and reduce the risks. Apparently that is not the only problem, however. Corruption may also play a part.

Mykhaylo Volynets, leader of the Independent Union of Miners of Ukraine, complained at the union's recent congress that most of the country's 185 coal mines might be forced to close. He said the industry received only 20 percent of the funding it requested this year, which Volynets attributed to a decline in payments received for coal mined and shipped since last December. The decline was from 90 percent to less than 46 percent at present.

Volynets placed blame for the decline on "the coal industry administration and the local government in Donetsk Region," according to a Ukrainian television report monitored by the BBC. "Volynets did not criticize the current fuel and energy minister, Stanislav Stashevskyy," the report added, "but described the coal industry as the most corrupt of all."

The suggestion appeared to be that funds that might otherwise be available to keep mines open, meet payrolls and improve safety conditions were being diverted.

# **Korean Unions on Defensive**

By Diane Secor

South Korea's trade unions have the reputation of being militant. This reputation stems from the large number of strikes and demonstrations staged by the Korean Confederation of Trade Unions (KCTU) in recent years. The strikes and demonstrations stem from the "restructuring" of South Korea's economy since the financial crisis of 1997-1998. Restructuring has meant privatization of certain state-run enterprises, the elimination of production plants deemed antiquated and inefficient by their new capitalist owners, and the abrogation of certain labor laws enacted during South Korea's heyday as a "miracle economy." South Korean workers poured into the streets in July to protest government repression of union leaders and workers. South Korean crackdowns on unionists are not unusual, but have accelerated in the last two years. The British Broadcasting Corp. (BBC) reported Dan Byung-ho as saying that "nearly 600 union leaders have been arrested since Mr. Kim [Dae-jung] became president in 1998, as compared to only 507 in the five years before Mr. Kim took office." Dan is president of the

#### KCTU.

"We see clear signs of the government's crackdown aimed at destroying the KCTU and democratic labor movements," Dan added.

South Korean workers' militant response to capitalist "restructuring." In the wake of that crisis, many South Korean companies collapsed and foreign investors have vied to take over these firms. The new owners have demanded the right to lay off South Korean workers to make these firms more "competitive." This has meant layoffs for thousands of Korean workers, and thousands more are likely to lose their livelihood. Thus for many workers this is a fight for their very survival. In spite of all this, there is Koilaf, acronym for the Korean International Labor Foundation. Koilaf describes itself as a "nonprofit organization established jointly by labor, management and the government." Its purpose appears to be to reconcile the differences among the three, which is to say the unions on the one hand and, on the other hand, "management and government." Koilaf recently posted an article on its Web site that says that South Korean trade unions are not so much militant as they are deprived of advantages available in less oppressive capitalist societies, such as Japan, Germany and the United States. One disadvantage is that Korean unions have no clout with Korean politi-(Continued on page 7)

De Leon examines every major argument —pro and con—on the union question, traces confusion on



The regime has issued a warrant for Dan's arrest. About 70 other union leaders are also wanted.

The KCTU, the smaller of two trade union groupings in South Korea, called a "general strike" on July 5 to protest the arrests and police violence against striking workers across the country. The South Korean regime reportedly claimed that only 20,000 workers took part, while union sources estimated that 100,000 workers joined the strike.

The KCTU also organized a demonstration and march in Seoul on July 22. An Associated Press report said that about 12,000 workers participated. They were demanding the release of jailed union leaders and showing support for antiglobalization demonstrations in Genoa, Italy, at the G-8 summit. Dan Byungho and other union leaders took refuge inside a Catholic Church to avoid arrest, but were later asked to leave by the priest in charge.

Trade unions say that the regime is attempting to gut the unions and smash

what unions can and cannot accomplish to its source in the American Federation of Labor, and outlines the general principles on which genuine and effective working-dass unions can be built. One of De Leon's best.

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