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# PRODUCTION FOR VICTORY\*

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## *Introduction*

UP UNTIL November 7, 1942, everything depended upon the realization of the Second Front to actualize the coalition which is the basis of the United Nations. This coalition of the United States, the Soviet Union and Great Britain was a project to which only token commitments had been made by its Anglo-American members until large-scale military engagements gave it substance and actuality. The occupation of Northern Africa by American and British forces on November 7 and the actions that followed, while not yet the realization of the Second Front in Europe, constitute that military commitment to the war which is the essence of the Second Front and bring the full realization of the Second Front close.

This does not mean that the war is won. The war still must be won by fighting. It must be won by the kind of fighting that is inspired by correct policies, and these policies, in their detailed development, still need to be hammered out in harmony with the grand strategy of the war established in the Anglo-

Soviet-American coalition leading the United Nations. This war is not going to be won by purchasing Darlans and Quislings, but by fighting. And as we begin to find that fighting this war, which we have just begun, is not a picnic, we will have to make sure that the irrational rise of optimism that exists in the country at this moment is not followed by an equally irrational plunge into pessimism. We have to make sure that the country is mobilized for maximum support to the development of the offensive and to its full and speedy realization in the Second Front in Europe.

It has been said that the Second Front campaign initiated by the Communists was a mistake because preparations for the Second Front were being organized all the time, and now offensive operations have been started. It is, indeed, a novel experience to be chided for having raised a demand because that demand is now in the process of being realized! However, at no time during our campaigns for the Second Front did we question that the strategy of the Second Front was the established policy of the United Nations. We specifically combated every suggestion that the Second Front campaign was a sign of lack of confidence in the President. We

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fought for the Second Front as the established policy of our Government and of the Anglo-Soviet-American coalition.

It was necessary to make this fight, and if we had not made it we might not have got the African offensive when we did, because there was taking place in this country and England a mobilization of the Munich and appeasement forces to hamper and weaken the opening of the Second Front and an offensive anywhere. Can anyone honestly claim that these beginnings in Africa—and, as Mr. Churchill put it, Africa is only the springboard to the Second Front in Europe—have been weakened because we mobilized the masses for the Second Front? On the contrary, it is quite clear that the African offensive was facilitated and the nation's war effort was strengthened because of the mass movement for the Second Front.

The Second Front issue is not dead and we still have to mobilize the country for it and against all those who cast doubts on the necessity of the quickest possible opening up of the Second Front in Europe. Probably the opposition to attacking Hitler on the European continent is not going to be so open, especially now since the great Soviet offensive is proceeding so vigorously and according to plan. The Soviet offensive does not, however, give us any reason for slackening our efforts, nor does it relieve the United States and Great Britain of the task of creating the Second Front in Europe. On the contrary, we have to combat energetically

any tendency to relapse into the old Munichite attitude adjusted to the new situation which declares, "Oh, the Soviets are winning the war for us, why should we rush into the scrap?" Such attitudes have to be fought just as much as defeatism which masks itself as confidence that the war is already over.

We can proceed most effectively now to the next step in the unfolding of the United Nations' war against the Axis by concentrating on the problems of a centralized war economy and production for the war. The solution of these problems, following the turn in the war signalized by the events of November 7, has become unquestionably the key link now for the mobilization of the full striking power of our country in the Anglo-Soviet-American coalition. By taking the problem of war production as its point of concentration for this period, the organized labor movement can most effectively influence the actual development of events in all fields affecting the war. As our country generally takes hold of this problem and begins to get results, it will move on every other field of action.

The achievement of a centralized war economy is the link by which to mobilize the country politically against the reactionary and defeatist forces trying to stage a comeback on the basis of false interpretations of the last elections. It is the basis on which the country will drive forward to attain maximum production for the war. Through it we will help unify the labor movement and consolidate national

unity, thereby isolating and routing the defeatists. Above all, it will enable us to forge the greatest support to the offensive in the military field, providing the Army and the Navy with the necessary backing for carrying through the victorious Second Front against the fascist enemy. And through it, finally, we will most effectively find the solid base for the fight for a correct policy on international relations, not fully worked out as yet, and in this way strengthen the United Nations and the Anglo-Soviet-American coalition leading it in the historic achievement of victory over fascist barbarism and in the peaceful collaboration for the solution of the post-war problems.

We are proud to say that the Communist Party has been that group in the country which was most united, most unanimous and most far-sighted in its approach to this question. Happily, the general direction for the development of the economic solutions of the war has already been crystallized in circles far beyond anything which we directly guide and shape. Thus, there are the reports of the Tolan Committee in the House of Representatives, the Tolan Bill in the House and the Kilgore-Pepper Bill in the Senate, crystallizing the organizational proposals that arise out of the substance of the Tolan Reports.

Where we must concentrate our thought is in evaluating the possibilities of establishing the principles of the Pepper-Tolan Bills in the actual conduct of the war. We must find and overcome those ob-

stacles which exist in the country in the political and economic relationships and in the detailed practices within industry in general and within each particular plant in industry which hold back the development of a centralized war economy and consequently the guarantee of maximum war production for an all-out military offensive.

In the past weeks we have witnessed a great concentration of forces in support of the correct proposals embodied in the Tolan-Pepper Bills—the heads of all the Congressional committees dealing with war economy (except the Military Affairs Committees of both Houses), the American Federation of Labor, the Railroad Brotherhoods, and the Congress of Industrial Organizations; the Farmers Union and I believe also the Ohio Farm Bureau and some of the New England farm organizations have joined the same camp. There is definitely taking place the crystallization of the best Congressional thought on solving the vital problems of our war economy; the entire labor movement, a growing section of the farmers' organizations, as well as small business and middle class support behind the economic course which we too are supporting.

There is at present a great deal of speculation going on as to the new reorganization proposals which the President is now considering. I do not know that we have enough information upon the President's immediate ideas on the regrouping of the federal agencies on production and manpower to give any

final judgment upon them; but one thing is clear, they move in the direction of the Pepper-Tolan Bills.

While we can be glad that the new proposals go in the right direction, I think that we must not be content with half-measures or consider that half-measures will solve the economic problems of the war. We must continue to press for the full application of the principles of the Pepper-Tolan Bills, not in the spirit of developing any oppositional moods to the Administration, but in the spirit of strengthening the President's hand, making it more easily possible for him to carry through these necessary reorganizational measures. We must arouse the country to support the Pepper-Tolan Bills and give the country an understanding of the far-reaching implications of these bills in order to make it possible for them to be fully adopted.

We must deepen the public understanding of the principles of a planned war economy so that the country may appreciate the detailed policies necessary to implement this basic conception within the framework of the Pepper-Tolan Bills. It would be well to emphasize, therefore, that the Pepper-Tolan Bills merely provide the organizational framework which would make possible and would facilitate the development of a planned centralized war economy. The bills do not themselves provide the plan for developing the economy of the country. They merely provide for the centralization of authority without which these plans cannot take shape nor be effected.

There is, of course, nothing final about our thinking on these problems of war production as developed in the following discussion. We are only beginning to get to the heart of our problems of national economy in connection with the war. It represents an outline of the question, an approach to the most specific and concrete problems of production for the war as they express themselves in the life of the working class and as they are related to every national and international political problem of the war. It is an attempt to hammer out a program whereby we can get a firm grasp of these problems and begin to move toward their solution. If we exclude from this discussion those questions upon which we have already formulated our policy and approach, it is not because we do not consider them an essential part of our economic program, but because we consider it more urgent to concentrate on those key questions on which we have something new to say.

## I. PRODUCTION SCHEDULES

The Office of War Mobilization that is set up by the Pepper-Tolan Bills will have to develop a planned direction, guidance and control of war production and, stemming out of war production, the whole economic life of the country according to definite schedules of production, a term which is more and more beginning to occupy the center of all considerations of the production problems.

The production schedule is that guidance whereby the plant at the

end of a period of operations comes out with a harmonized set of parts which, assembled, produce the finished product without shortages of one thing, and overproducts of another. It is a harmonization of all the various operations of a plant directed toward the maximum assembly of the end product, without delays and without waste.

Applied to war production as a whole and to the entire economy of the country, this principle would make it possible for whole industries and the whole economy of the country to function with the same smooth production and economical operation as prevail in a particular plant. It is evident that it cannot be achieved by the operation of management-as-usual, because when production schedules go beyond a particular plant and a particular concern and begin to embrace the whole field of war production and spread over to the economy as a whole, a new force which has not been present as yet in production must come into play, that is, the directing hand of government authority, and this means the centralization of the direction of the economy through one institution according to one plan.

The necessity of this is clear, because, in the absence of the adjustments of the various parts of the economy through the operation of the market, there are all sorts of bottlenecks and disproportions in production and in the allocation of raw materials and labor which are the greatest single factor in holding back war production and, at the same time, the greatest single

source of defeatist and reactionary political moods and trends within the country. There is no possible way to break all these bottlenecks, dissolve all these disproportions and maladjustments in the economy, overcome the major obstacles to maximum production and extend the productivity of our labor except through the full development of the principle of production schedules, which is the application of economic planning.

### *The Problem of Raw Materials*

The necessity of such over-all centralized administration of production may be seen most vividly by a glance at such key elements in the production picture as the allocation of raw materials and the distribution of manpower, not to speak of the role of the small enterprises in the whole process of war production.

Take the allocation of raw materials to production. Raw materials and their continuous supply are quite evidently basic to maximum production, in fact to any kind of continuous production in war industry and in the whole economy. What we have seen during the last year has been the breakdown of all attempts, so far, to secure the proper allocation of raw materials. To all appearances, we have been faced with shortages of key raw materials, shortages which have brought about a chaotic situation in war production. A mere indication of these shortages, however, shows very clearly that there is actually no shortage of these materials in the country so far as the needs of war

production at this period are concerned.

There may be an actual shortage at a particular point of operations, and this we see every day. Factories close or are working part-time in the most essential war industries because the raw materials are not present at the point of operations. But an over-all examination of the situation shows that the places where there is an immediate shortage are more than balanced by other places where there is an oversupply. There is over-stocking, which in many cases reflects a definite policy of hoarding of raw materials by individual producing concerns. In the actual working out in life, the system of priorities, which was supposed to prevent such a condition as this, serves to facilitate raw material hoarding because it is not in any way related to a schedule of production requiring a definite apportionment of raw materials.

Clearly, there is no possible way of securing the apportionment of raw materials which will assure uninterrupted production throughout the economy except by a raw materials pool under a centralized control and plan. And this is certainly not possible through the existing system of assigning all of these functions of planning and control to the individual producing concerns, even though there is a high degree of monopolization, especially in the war industry.

Far from securing, through the planning of the individual monopolies, that proper apportionment of raw materials which we are seeking,

this high degree of monopolization produces the opposite effect, because the greater the power of the ten big concerns that hold half of the war contracts, the more they unitedly withhold raw materials from the other concerns and the more they compete among themselves to secure strategic advantage for the control of war production, and especially for attaining the predominant position in industry after the war. One of these big ten of the monopoly producers, for example, will have a shortage of material A and a surplus of material B. Another will have a surplus of material A and a shortage of material B. If their stocks are pooled, the two of them alone would provide continuous production. Because their stocks are not pooled, both of them have bottlenecks and shortages of key materials which limit and even shut down immediate production.

This is the essence of the raw materials allocation problem which is forcing us on to the road of a planned war economy under centralized administrative control as outlined in the Pepper-Tolan Bills.

### *The Problem of Manpower*

Up until the last week or two we had a situation in the country where manpower was spoken of as one problem and production and economy as another problem. A manpower administrative apparatus was set up and it was going to solve the manpower problem without reference to war production or to the board that was to solve the production problem. And both the

War Production Board and the Manpower Authority were completely separated from the Selective Service apparatus that provides manpower for the armed forces.

And it is a fact that in the last few weeks there has come a rather sudden and general realization that it is impossible to deal with manpower as a problem separate and apart from production and military needs. The manpower problem has now come to be recognized as but one phase of the problem of the economy as a whole, of the production problem and the planning of economic life. It is obvious to anyone who really tries to think about this question, which a few months ago Mr. McNutt thought he was going to solve all by himself, that compulsive measures for the allocation of manpower have no sense except in relation to the needs of production.

It is likewise evident that, without the centralized control of production, any rational use of the manpower of the country is impossible. This is so, in the first place, because manpower for production is intimately tied up with the question of manpower for the armed forces. In the second place, because the proper distribution and use of manpower in production cannot be made if left to the policies of individual producing units. Like all other elements of the production process, manpower has to be rationed, or it will be abused. For the same sort of disproportions and bottlenecks which we noted in the field of raw materials exist in respect to manpower. Indeed, every-

thing that has been said about raw materials could be repeated, with corresponding adjustments, about the treatment of labor power in the various industries and in the particular factories. In the third place, a balance has to be secured in the supply of manpower to war production and to the civilian economy; while, within the civilian economy, proper apportionment is needed between the industrial and agricultural sections of the economy. Clearly, with the rise of an acute labor shortage, such an apportionment can be achieved only in accord with a plan which is enforced by the power of the government behind it.

Here again, as in the case of the raw materials problem, we have an illustration of how the needs of the war break down preconceived notions which stand in the way of establishing centralized administrative control of the economy of the country. Unquestionably the apportionment of labor enforces the necessity of a general overall plan of production.

It must be said, however, that there is not by any means yet the full drawing of the necessary conclusions that flow from the amalgamation of the manpower problem with the problem of production. As yet, there is only a general principle which still has to be realized in the concrete detailed policies that are necessary to carry it through in life. We have to overhaul completely all manpower policies, beginning in the plants and reaching up to the national plan of the allocation of our manpower.



The imperative necessity of this is emphasized by the extent to which we are wasting manpower today in the absence of planned production. Just as artificial shortages of raw materials are created by their incorrect distribution, so shortages of manpower are entirely artificial in origin. There is no real manpower shortage in the country; what there is is a poor distribution and a poor utilization of the manpower which we have.

There is also a very sharp disproportion in the distribution of skilled workers within various plants and between different plants and different branches of industry. Some plants have more skilled workers than they can immediately use and they absolutely forbid workers to go to work elsewhere because they think they will need them later on, and in the meantime they keep skilled workers doing common labor jobs. The common laborers are thrown out and the skilled workers are left to do common labor work; and across the street is a plant with orders, closed down because it cannot get a sufficient number of skilled workers.

Manpower is also being wasted because of the failure to pool machines, a question to which there is not yet the slightest approach. At the same time, machines are standing idle, not being used, machines that could fill the urgent needs of plants that are holding back operations for lack of machines.

Similarly, manpower is being wasted because of the failure to distribute war orders to those places

where manpower is already in existence, and very little attention is being paid to the factor of the existence of machines for production in the allocation of war orders.

A further waste of manpower and consequent impairment of production is to be noted in those few centers of production where large gatherings of new workers have been concentrated and where absolutely no attention has been given to provide housing, supply and social services to the workers who are gathered there.

The establishment of a centralized administration of planned production would also accelerate the utilization of new sources of labor power for industry in the recruitment of women, Negroes and others who have been discriminated against or excluded from industry in the past. No doubt considerable progress has been made, especially in the formulation of adequate policies regarding the employment of women and Negroes. What is inadequate, however, is the application of these policies in life.

Closely connected with this is the need of developing a national policy of preparing workers for industry through a system of training in industry proper. The trade unions are going to be forced more and more to take the initiative in developing such a program, which clearly cannot be left to special schools and courses but must be coupled with the process of inducting new workers into production.

Related to this is the whole problem of providing the necessary sup-



ply of skilled workers. The upgrading of workers from the less skilled to the more skilled work is the only possible means of supplying an adequate number of the skilled workers that will be required for all-out production.

### *The Problem of Small Enterprise*

It is clear, of course, that any sane policy directed toward maximum production will have to take the large producing units, which are the monopolies, as the basic factor in production. But we must not permit that acknowledgment of the basic role of the monopolized industries to blunt our vigilance and our energy in demanding the full mobilization of the economy of the country, including small enterprises, by which we do not mean little shops of ten, fifteen or twenty workers, but small only in relation to the big monopolies which control the bulk of war production now.

And how important this is is clear when we see that, in the actual allocation of war production, plants of 500 and 1,000 workers are considered small enterprise and are by-passed without being used. The sum total of such small enterprises represents a potential productive capacity for the war which would probably reach a large fraction of our present total production.

Great Britain had much the same experience in the early part of the war, concentrating all of its war production in a few large enterprises to the exclusion of small plants. Under the force of the same kind of economic compulsions that we are dealing with in this country,

and especially as a result of the air warfare carried to Britain itself, they were forced to undertake a rapid decentralization of production. We do not have that factor operating upon our development here in this country and, therefore, we cannot expect to have the same speed and completeness in the utilization of small enterprises that have been achieved in Great Britain, where, according to authoritative information, 80 per cent of present war production comes from plants of 200 workers and less. But the British figure indicates that relatively large production is possible from the small plants of the United States, even though it may not be comparable in positive figures to what exists in Great Britain.

In the United States a very small proportion of our production, probably less than 5 per cent, comes from small enterprises today. And although the degree of trustification and large mass scale production is greater in the United States than in Great Britain, imposing greater limitations upon the possibilities of small enterprise, so that, even with the fullest mobilization of all small enterprise, we could hardly expect to have anything like the proportion that exists in Great Britain between small and large business in the war production, we certainly can expect that full mobilization of small enterprise would increase our production at least 30 to 50 per cent. Failure to utilize the small enterprises thus represents an enormous economic waste. And this has significance beyond that of its direct relation to war

production, because it means economic dislocations, unnecessary hardships, and resulting political unrest and reaction, which had a great deal to do with the results of the Congressional elections on November 3.

## II. THE UTILIZATION OF LABOR

### *Increased Productivity*

In the center of the solution of the whole production problem stands the question of the increase in productivity of our workers. Of all the questions of manpower in production, this is clearly the most important. The main channel for the solution of the manpower and war supply problems lies through such an increase in the productivity of our workers.

It must be said, however, that an increase in productivity is being hampered by the almost complete lack of national policies which would control the individual concerns and management in their relation to labor and thereby release both the technological forces at the disposal of management, and the contribution that can be made by labor itself, which is the key to the whole problem.

Now, what are the labor policies which hamper the increase in productivity? Any discussion of this question has to start with the recognition of the high degree of patriotism of the workers. There is unanimous testimony that in every instance where it is made clear that the demands upon labor are entirely in the interest of the war, and the workers see that their efforts and

contributions actually result in providing more material for the war, better dispatch of the material and increased efficiency in conduct of the war, they unanimously respond, and have no complaints to make, even though the demands place new and great hardships upon them.

What is holding back production is not any lack of proper spirit on the part of labor, and we are not going to solve this problem by preaching to labor to be patriotic. Labor is already patriotic. If we preach too much about patriotism, labor will begin to resent it and stop listening to us, because the workers know that preaching is not going to solve anything of this.

Stories from Detroit, Pittsburgh, and other places all agree on this and they all follow one pattern. Where a plant or department takes up a production program and begins to get big results, where production is increased 20, 30 and 60 per cent, there is great enthusiasm. The management congratulates the workers, the Navy Department sends telegrams of congratulation and representatives to the celebrations where the workers are given a production banner, the E banner, and everybody is happy. Twenty-four or forty-eight hours later, management says, "Boys, there is no more work. You have already finished the contracts we have. It will take thirty to sixty days to get new contracts. In the meantime, hang around. Don't get other jobs. You're frozen to this job. You've got to stay here."

What is the effect upon the work-

ers when, after carrying through an increase in production, they find that all they have accomplished is to add to the profits of the particular capitalist for whom they are working, while throwing themselves out of a job for an indefinite period of time or at least making their employment irregular and disorganizing their own life without really increasing the total amount of production for the war? Naturally, the worker whose only reward for his pains is the disorganization of his life and work is angry about it. In place after place the workers are just full of anger and hate against this situation because they see it not only as the defeat of their own individual lives, but as a factor that is disorganizing the whole conduct of the war, and they lose faith in the leadership which is not able to organize their economy better than that, when the life of the country is at stake.

It is ridiculous to approach the workers working under such conditions and ask them to be patient and take it. These workers have to be shown, not that they can take it, but that they can change it, and it is our duty to lead in the struggle for a different kind of situation and a different kind of set-up and to offer policies which guarantee against such things as that taking place.

The strike is not the solution to these questions, and there must be no toleration of the idea of the resort to strike movements as a means of solving these problems. But we must recognize that the enemies of the war are going to manipulate these dissatisfactions for strike

movements and for damaging activities of all kinds unless we find the proper way of solving these problems. And the proper way of solving these problems is not to say—just wait until Washington straightens it out with the Pepper-Tolan Bills. We have got to find forms of activity and struggle down below in every plant and department, in every local union, raising these questions and fighting for them one by one and piece by piece, while connecting this fight up with the whole general solution of the problem represented in the Pepper-Tolan Bills.

#### *Piece Rates and Incentive Wage*

The workers are also victims of another experience which defeats their whole desire and mood for increased output. Within thirty or sixty days after they have begun to register decisive increases in production, the management refuses the piece rates in order to appropriate to the capitalists the full economic benefits of the increased production, bringing the earnings of the workers back to approximately the previous level of lower production. This practice is so extensive that perhaps it could be described as *the* major obstacle to increased production for the war. This is recognized not only by our labor leaders; but even the efficiency engineers and production experts are more and more telling the employers that they are not going to be able to solve their production problems until they *stabilize wage rates* and give incentive rates for increased production, stabilized

for the war period. (It is an essential feature of wage stabilization that the cost of living remains stable, and that overtime rates are maintained. These factors are assumed throughout this discussion.)

The United Electrical Workers Union recognized this problem quite in advance of the country generally and attempted to meet it with a contract which they negotiated with one of the large corporations in that industry, as far back as last March. They got an agreement for a productivity increase program based upon the stabilization of piece rates for the duration and a corresponding increase for the day-rate workers who serve the piece-rate workers on the machines, bringing the day rates up to what the piece-rate workers achieved where there is no increase in the labor force, to supply the machines. But the outcome of this was that, within sixty days after the productivity program showed results, a 6, 8 and 10 per cent increase, the corporation immediately reneged on its contract. First, it declared that it was not possible to give the benefits of this increase to the day workers, and then it followed that up by breaking up the whole guarantee against changes in rates for the duration.

Instead of giving the workers an incentive to increase their output, this policy actually penalizes them for any such increase. Now it is my observation that the workers generally would even be prepared to agree to some sort of forced savings system whereby a proportion of their increased earnings under

increased production would go into war bonds and stamps. But when the worker is penalized to the immediate financial advantage of the employer for every increase in production, we are only placing insuperable obstacles to the development of our war production. This is a problem that cannot be settled effectively and finally by negotiations between the union and the individual concerns. It can only be fully and finally settled by the establishment of governmental policies affecting these questions.

These policies must prohibit the downward regrading of piece rates in the face of increased production and instead provide for a general application of the principle of incentive wages, every increase in production being accompanied by a corresponding increase in wages.

There is a growing recognition of this necessity among production experts in the ranks of management and among governmental officials. In fact, the general principle outlined here is actually recognized in the wage stabilization order that has been promulgated.

The W.L.B. ruling on wages establishes that, in general, wage increases will have to receive the special permission of the War Labor Board, which will not be given except in a very special circumstance. But this order specifically excludes the necessity for such permission for wage increases which are directly based upon increases in production. Under this ruling, even day-wage rates which can be directly tied to norms of production,

can be raised, and they should be raised to the same degree that production is raised above that norm. Since this is true of day rates, it is clear that piece-rate earnings under wage stabilization must also increase as production is increased.

This means that all wages are going to be tied to productivity now. And if we take wage stabilization seriously, we cannot permit to pass unchallenged a single case of reduction of wages and reduction of earnings which is not clearly tied up with the reduction of production. Conversely, we must insist that all increases of production are immediately reflected in an increase in earnings. If we do not fight for that principle, we fail to fight for stabilization.

Stabilization does not mean merely that wages cannot go up. It means with equal force that wages cannot go down. Unfortunately, it is true that the first result of the wage stabilization order has been the inauguration of some reductions in wages through readjustment of piece rates and other time-honored methods of increasing exploitation. Now it is clear that, if wages are not to go down in the face of increased output, they must be raised to the extent of the increase in production. It is equally clear that incentive wage rates not only result in increased production but are in complete consonance with stabilization of wages. For, every increase in piece rates for the achievement of production above certain norms not only results in a greater end product without increasing the cost per unit, but also

helps to solve a whole series of problems of the war economy, and brings economic savings for the country as well as for the individual plant.

To make this point quite clear, let us take a hypothetical plant of 10,000 workers that wants to increase its schedule of production by 25 per cent. Assuming that the plant is working at full capacity, and the productivity per worker remains the same, that plant will have to employ 2,500 additional workers with the corresponding plant space, machines and overhead. For the community in which that plant is situated, it creates the problems of either expanding the housing 25 per cent or increasing the pressure upon the existing housing and worsening the condition of the workers who are there, thereby creating all sorts of social problems around this plant.

But suppose this plant with its 10,000 workers is able to meet this enlarged production by increasing its productivity 25 per cent, achieving the greater output with the original 10,000 workers. It is true that the end supply of commodities is the same in both cases. But in the second case, where the expanded schedule is met by increased productivity, you have avoided the necessity for a 25 per cent increase in the machine and plant capacity and have placed 2,500 additional workers at the disposal of the country to be used for an even greater overall expansion of production. That is a kind of saving most crucial for a war economy.

The simple expansion of produc-

tion is a very expensive and costly thing and is what causes many of our bottlenecks. The time lag involved in such expansion is of crucial importance at this time when maximum output is needed at once. On the other hand, increase in production which does not depend upon extension of plant avoids that time lag and also speeds up the whole process. Clearly, the 25 per cent gain in production involved in this case, which is the result primarily of the more effective labor of the workers, justifies a corresponding increase in their wages.

It is evident from this discussion that we must give our greatest attention to finding all possibilities of increased productivity and that the solution of the war economy is to be found primarily along the lines of increased productivity. This means that we should fight for the fullest possible development of incentive wage rates, not as a simple arithmetical increase in earnings when you go above the norm but as that plus an additional reward which is a part of the economic savings which this kind of increase in production gives for the whole economy.

### *Stabilized Employment*

It is important for the worker to know not only that his wage rates are stabilized, but that his employment is stabilized, that the speeding up of production does not automatically throw him out of a job. This can be met by the establishment of long-term production schedules, including the allocation of raw materials for each productive plant.

A special variation of this problem is to be found on the waterfront, where there is no possible way of giving the workers any assurance that they are not working themselves out of a job under increased productivity, because the loading of ships is essentially now a loading of convoys, and the quicker the convoy is loaded and out, the quicker the worker is out of a job until the next convoy comes in. While there is no possible way of avoiding that, it is necessary, however, to find particular policies which will meet this situation and give the worker an incentive to hasten the completion of his job even though it means that it shortens the period of his employment.

And here it is clear that the only possible way that that can be done is to guarantee the worker a minimum wage for the duration of the war, making a careful selection of efficient working forces and providing them with a certain basic maintenance whether they are working or not, and giving them an incentive wage for the period of active labor—the quicker they work, the higher the wage. That is the only way in which that kind of special problem can be solved, where continuity of employment is manifestly impossible.

Finally, labor should have the assurance that the government will recapture those excess profits which the employers have gained by directly exploiting the patriotic appeal to the workers. Something in this direction has been done by the President's Committee on Revision of Army and Navy Contracts to

bring down prices because of production increases, among other factors. A more general and effective application of this policy will encourage the resort to increased productivity of labor and the requisite labor policy as the solution to the problems of war production.

### III. ORGANIZED LABOR IN PRODUCTION

#### *Labor-Management Production Committees*

In the struggle to establish the policy of increased productivity the Labor - Management Committees have an important role to play. These committees have been established in principle in declarations of policy by the government. In practice, however, they have been neglected and the detailed policies for their development still have to be clearly worked out.

The reason for this must be found in certain shortcomings on the part of both labor and management. The main factor has been, of course, the political resistance of management in the large monopolized industries to taking labor into any kind of serious cooperating relationship. From the side of labor, there has been too much a tendency to send its representatives into these committees unequipped and unprepared, with no union responsibility for the working out of these problems, the individual committeeman being left to himself, and with no living relation between his function in the committee with either the union or with the workers in

the shop. There is an intolerable isolation of the labor members in the production councils from the mass of the workers and the leadership of their union. This isolation of the individual committeeman or councilman is accentuated by the fact that when he makes proposals for increasing production and these proposals are immediately applied in such a way as to penalize the worker, the labor committeeman is reluctant to boast about it. He hides it because he finds by experience an intense resentment among his mates against the very thing that he proposed for increasing production, but which the management applied in such a way as to penalize the workers.

I am referring now to those cases where the production councils or committees have not taken root and have not produced good results. It is not true, of course, of those that have produced good results. There we find almost uniformly that the production councils or committees that have worked well have been those which have found the way to maintain a working relationship with the union leadership and with the masses of the workers in the shop itself.

Now, what are the tasks of these Labor - Management Production Committees? First of all, they must fight for programs and plans which fit into overall policies such as contained in the Pepper-Tolan Bills now before Congress in order to give them a concrete living expression down in the plants and localities. These policies must be translated into terms that aid the fight



for the stabilization of wage rates and employment in each particular plant, so that the fight for increased production becomes an essential part of the life of the whole plant, directly linked up with the fight for the stabilization of the life of the individual worker in the individual plant.

The Production Committees or Councils must establish guarantees for the stabilization of employment and wage rates through the concrete development of their functions. The Councils must begin to know the production problems. They must be armed with knowledge of the contracts allocated to the plant. They must know the production schedule of the individual plant which is not a military secret, and this knowledge must be made the common property of labor and management.

The Production Councils must develop the spirit of emulation between management and labor, between plant and plant, department and department, and industry and industry, a spirit which will quickly rouse a whole fever of production, if the obstacles and penalties to productivity are removed.

To achieve this, labor must improve its own relationship to the production committees. The whole body of labor must be represented by responsible members who consult about the problems before raising them in the production councils and who report back on the results. This will provide the channel for labor's fruitful participation in the improvement of the production process and will elimi-

nate the unsatisfactory practice of suggestion boxes in the plant which actually deprive labor of the credit and increased responsibility in production affairs which should accompany such suggestions for improvement.

A campaign for the removal of all suggestion boxes is entirely in order. The workers should be encouraged not to drop their suggestions into any boxes. Suggestions are for the consideration of their fellows. The examination and elaboration of all suggestions in the department or factory should first be made by the workers and by leaders of the union. This is the only guarantee against the practice, so deeply resented by the workers, in which their ideas are stolen by members of management and brought forward as their own.

While suggestions must originate with individuals, before they go into the hands of the production council or management they should already have the approval of the responsible representatives of the workers in that shop, and not of an individual. The best minds of the workers should have been turned on the suggestion before it is given in, otherwise there is going to be the unavoidable backfire that disrupts the whole production program, because the workers feel that they are being used, one against the other, to increase their own exploitation, to create new problems in the shop and to break down safeguards necessary for their protection. The traditional practice of management is to "pick" the minds of the workers and use what the

workers know, against the workers. We have to re-educate our managements and employers, and bring them into a new type of relationship with labor which will result in increased production on an important scale, on a scale which is possible only when an organized relationship between workers and management exists.

That is why increases in production require serious extension of the trade union movement. Management cannot get maximum production out of the workers when the workers are unorganized. The trade unions must be inspired by a crusade spirit for the extension of organization, not in the old sense that this is necessary to increase the bargaining power of the unions, but in the new spirit that this is necessary to secure maximum production for the war. This approach must be spread in every union, because it applies not only to war production directly but is equally valid for every category of workers; for, as the Tolan Committee says, in a total war there is no unnecessary or non-vital section of economy. Everything that is vital enough to continue to operate is vital to the war economy and necessary to organize. In this respect, it is important to organize the white-collar workers precisely in relation to the key industries.

These problems will be solved only when management and labor cooperate fully and wholeheartedly, through the medium of the management-labor councils, as part of a centralized administration of the economy, and all obstacles to labor's

maximum participation are removed.

Labor must get the right to inspect the books and operations and know the problems of production plans, as well as take part in the realization of these plans, and not be a blind operator of the plans worked out in the secrecy of managerial offices. Indeed, labor must have representation in all war agencies, beginning with the plant and community and going up to the top of the United States Government. War agencies cannot function effectively unless they have the direct representation of labor therein, and that goes for every phase of the war work from a plant committee and a local Red Cross organization up to the Cabinet of the President and the national administration of the economy.

The justification of this conception of labor's role in the solution of production engineering problems is attested to even by the production experts hired by management and the employers. More and more these experts have been coming around to the workers' representatives on the production councils and saying, "Look here, fellows, I brought a plan to the company but they're keeping quiet about it. I give it to you; you bring it in and fight for it. I want to see a better production situation here; management is not keen about this. You boys can help me." And the boys do help him, and more and more the production experts are establishing *sub rosa* connections with the labor side of the production councils.

Further, not only the hired men,

but that type of management which is on a par with the capitalist himself, or is one of the capitalists, especially in the so-called smaller industries, is developing a new relationship to labor on the production question. They have faced the fact that they cannot accomplish their job except in cooperation with the labor movement.

### *The Trade Unions' New Role*

Labor's new obligations in relation to war production also impose new tasks on the trade unions. Trade unionism today absolutely requires the most profound study of the decisions made by the Boards in Washington, the laws upon which such decisions are based, the precedents which are established in carrying out these rulings, and the experiences of the workers in the shops with the results of these rulings.

Trade union leaders have to become lawyers in the sense that they have to know how to use these regulations in the interests of the workers, because we can be sure that the best legal advice is used by many employers against the workers.

The trade unions have got to demonstrate their interest in this situation by knowing this administrative law better than anybody else. Most of the trade union leaders have so far given very little thought to this. In fact, many do not know that the W.P.B. ruling on stabilization of wages guarantees increased earnings for increased production. They have regarded it too much as a sort of ceiling on

earnings. It is no such thing! They should know that production authority cannot put a ceiling on earnings if they are seriously interested in increasing production.

This whole set of problems involved directly in production must be coupled with the general problems of civilian economy. There can be no separation between war economy and civilian economy, except the separation of sharply defined organs of one single body. The civilian economy is the basis of war production and the proper rationalization of the civilian economy is one of the keys to war production. Rationalization is a system of rationing. Rationing is not some arbitrary interference with the normal course of events. It is the very essence of a sane order. Without rationing there is no sensible plan, and in our understanding of rationing, rationing must be deepened from the mere allocation of existing supplies to the provision of adequate supplies.

Rationing is not merely to take what you have and distribute it according to plan. Rationing is also to distribute your means of production, to provide what you need for distribution. Rationing is a question of guaranteed supplies. This concept of rationing does not yet prevail, and one of the big tasks in the whole field of production is to establish this deeper understanding of the system of rationing. There can be no rational economy without the extension of the principle of rationing into production and supply itself.

There must be developed a gov-

ernmental service of supplies to workers engaged in war production, and from there extended to the economy as a whole. This service of supplies is just as necessary to workers in war production industry as it is to the army and navy.

We must gear whole communities up to the war program, and this requires more attention to the communities that have been by-passed by the war contracts. If they are not given the contracts, they must fight for them, and we must help them to organize that fight for their share of the work to win the war.

This, then, is the heart and soul of our program for war production and for war economy for the quickest possible winning of the war. To advance these policies, they must be formulated in the most concrete forms and pressed upon plant management, upon the local governments, the state governments, the federal agencies, upon Congress, and upon the President, coupling the struggle for these policies with the issues as they are expressed in Washington in the making of national policy and in the setting up of national administration. We must state these policies and win support for them among all the win-the-war forces, bringing the understanding and grasp of the problems of our economy by the masses to bear upon the central direction which is hammering out the national policies for war production.

#### IV. OBSTACLES TO CORRECT POLICIES

It is impossible to conclude the discussion of this phase of the production problem without noting the

obstacles to the development of the proper policies that flow from the Pepper-Tolan Bills. There is first of all the opposition of a section of big business management and its related circles to any degree of governmental guidance and control of the economy of the country. They even oppose the old peace-time regulations designed only to exclude certain abuses. But even where they accept these limited measures of peacetime regulation, which are in no sense control in planning but rather a sort of police operation over the economy, they display a very deeply ingrained opposition to any positive guidance and control of planning by governmental instance over industry.

There is a section of the industrialists which takes the hard-boiled position that running industry is their business and that the government has to keep out of it. In this respect, they absolutely insist upon business-as-usual practices and are ready to fight for them. The recent meeting of the Resolutions Committee of the National Association of Manufacturers expressed this tendency in the sharpest form and also showed the political road that this resistance to a nationally planned economy leads these people. The report that was carried in the *New Masses* a few weeks ago on the discussions of this Resolutions Committee revealed how far-reaching and dangerous this opposition is to the development of a planned economy for victory in the war. The fear of the war economy as socialism, which of course it is not, is something that has to be countered from many angles; but this organ-

ized political resistance to the development of the war economy has to be met with the heaviest political guns.

We must carefully distinguish between those sectors of big business which takes this business-as-usual position with a very clear political motivation, that is, the defeatist section of big business which is actively opposed to the most effective prosecution of the war, and that sector of the industrialists and the bourgeoisie which tends to go along with the business-as-usual position because they fail as yet to see that this is contradictory to their commitment to the winning of the war.

Now, it is my opinion, and I think it will be borne out by the further development of events, that the defeatist leadership within the bourgeoisie has a big influence in their class generally, only to the extent that they can prevent the clear posing of the question of victory in the war. But the moment that they are exposed to a Hitler victory, their influence disintegrates. The industrialists and the big bourgeoisie generally are by no means prepared to go along the road of the Lammot du Ponts, who exert influence only to the degree that they can manipulate the old attitudes and prejudices, while carefully avoiding the sharp presentation of the issues of the war. To the extent that we can bring forward the sharpest posing of the issue of victory, we will split the bourgeoisie away from the defeatist leadership. I think this is true not only in the upper circles of the bourgeoisie but all down the line through the whole field of management. The task is

to isolate the defeatists within the bourgeoisie and help the bourgeoisie to crystallize the will to victory.

Every trade unionist who has been facing these problems practically in the plants and in the industries will have noted to one degree or another a sharp differentiation going on within the ranks of management with more and more the best representatives of management reorientating toward the labor movement and toward the government on the basis of their desire to achieve maximum production for the war. The trade unionists will have found that those elements of management who do not go along that road are meeting with a sharp challenge from their fellows who are more and more going all-out for the war. And in the bourgeoisie, among the industrialists, in the ranks of management, he will have found that the more complete their commitment to all-out war production, the more ready are they to take a more friendly and cooperative attitude to the labor movement. It is almost a universal recognition among them that maximum production means cooperation with the trade unions and the working out of common policies together with the trade unions.

The desire for maximum production and the old hard-boiled, anti-labor attitude cannot go along together; and we must do our best to see that we do not throw over to the reactionaries and defeatists any part of management or the industrialists that can be won for the all-out production program for the war. That is the question in its most general aspect.

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# PREPARE THE PARTY FOR A NATIONWIDE PARTY BUILDING AND PRESS CAMPAIGN

BY JOHN WILLIAMSON

*(Speech delivered at the National Conference, Communist Party, U.S.A.,  
held in New York, November 29-December 1, 1942)*

**O**UR party—and first of all Comrade Browder—has already made important contributions to bring our country to the point where we are today; but, as Comrade Browder's splendid report emphasized, we are now at a turning point. The fulfillment of these tasks at this critical turning point requires from our party much more, and our special contribution has to be increasingly effective political activity that clarifies and activates the workers and their organizations in order to strengthen the nation and secure victory over the Axis and everything Hitlerism represents.

Under such circumstances, the Political Committee recommends to this conference that we should agree that there is urgent need for deepening and consolidating our party influence through a nationwide recruiting and press building campaign. Clearly, this must be considered in the light of the fact that our mass political influence is greater today than ever before. Nevertheless, in regard to one of the measurements of conscious party support—votes on election day, circulation of our press and party

recruiting—we are far from satisfied. The key is not a question of desire, and the answer is not harassment of either membership or leadership. Rather, we must examine our role in a period when there are mass progressive unions and other progressive forces that unite and activate masses for things we have long championed. We must in such circumstances find the new means of establishing constant contact with the masses without blurring our identity, in order to be able to fulfill our responsibility as a political party that influences and leads the masses and raises their political level. Comrade Browder's report has already outlined the main orientation for us in solving this problem.

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With all the discussion which has followed the article "Strengthening Communist Collaboration in Nation Unity" in *The Communist* for September, our problem now is to systematize our thinking, set certain objectives, and adopt those measures which will guarantee that the entire party can go ahead and solve the