

GM's Knudsen: Spy Chief

Meet the man in charge of production on FDR's "defense" board. He's a past master at producing Fifth Columns.

SINCE his appointment as the head of production in the national armaments program, William S. Knudsen has been acclaimed as the greatest manufacturing expert in the land. The president of General Motors has evidently learned an awful lot in a very short time. For in 1938 he knew next to nothing. That, at any rate, is what he told the Senate Committee on Unemployment Relief. At the height of the 1937-38 "recession," which many financial writers and even some New Dealers attributed to a sitdown of big business, Knudsen was summoned to Washington. He was asked to explain to the Senate committee why, in the face of a \$452,447,000 surplus—\$54,000,000 greater than in 1936—he suddenly felt the necessity of laying off thirty thousand men. Knudsen didn't know.

After revealing that General Motors had raised prices on its cars and promptly suffered a 50 percent drop in sales, Knudsen confessed to not the slightest suspicion of a connection between these two phenomena. Lack of demand, he blandly announced, did not at all influence him to reduce prices. Would a still greater drop, say another 20 percent, have any influence? He couldn't say. "That had not occurred to you up to this time?" "No, sir."

Chairman Byrnes wanted to know whether he believed in the doctrine of scarcity. What was that? Byrnes explained that it meant control of production as, for example, on the farm. The GM president said he knew nothing about farms. "Your idea is that there should be no control of production?" "I don't know," he replied.

SALES MYSTERY

Neither did he know, or have the faintest idea, what could have caused the "recession." He certainly had not anticipated it. He had gone along quietly making cars when, bang! sales dropped off. Hadn't he the remotest thought as to why the sales declined? Not a thought, unless it could be that "the average man feels that work is going to be slack and he won't commit himself, even if he happens to need a car at the moment."

"Would you say that in September you had no intimation at that time, up to the first of December, of any slacking up in work?"

"No, sir."

"You think the average man did have it; that he was better advised about it and he stopped buying?"

"I cannot account for that," answered Knudsen.

Nor could he satisfactorily account for failure to use part of the nearly \$500,000,000 surplus to keep men at work. The chairman pressed him on this point. Wasn't the surplus for a rainy day? Knudsen said that when men were laid off it never entered his head where

the money to support them was to come from. "Who is going to pay the bills matters to me very little," he said.

But the constant harping of the committee on that surplus must have had some effect on Knudsen. For when he got home to his "less than magnificent" residence in Palmer Woods, Detroit, he began thinking about it. And the more he thought about it the more he had to admit it was wrong for a big surplus to be lying around like that, useless. So he took it out and voted himself a fat increase in salary. A few days later he decreed a general salary cut for office employees, as high as 30 percent for those making over \$50,000 a year.

Knudsen took that 30 percent cut with the rest. And after taking it, he discovered that the increase he had previously voted himself was so fat his salary was still 18 percent higher than in 1937. That's Knudsen for you. He gets things done.

It must not be inferred that these are the only qualities that fit him to be head of the nation's armaments industry. He has, for example, a "million dollar smile." He stands six foot two in his stocking feet, weighs two hundred and some odd pounds, and started out as an immigrant boy with \$30 in his pocket. Furthermore, he has had some experience with armaments. As production manager for the Ford Motor Co. during World War I, he supervised the manufacture of Eagle Boats and ambulances.

Even as late as 1936 Knudsen, by that time executive vice president of General Motors, was still dabbling in armaments. Those were the days when employers, prodded by the Wagner act, were loudly insisting that the open shop was the workers' idea, not theirs. When they weren't busy taking out injunctions against the Labor Board, Knudsen and the then GM president, Alfred P. Sloan, joined heartily in this chorus.

All the time they were making public statements to the effect that their workers were free to organize and bargain collectively, Knudsen and Sloan were laying in munitions to use against those presumptuous enough to take them at their word. The records covering these armament purchases were ordered destroyed when it was learned the Senate Civil Liberties Committee wanted to see them. Those records that somehow escaped the flames, however, reveal such interesting transactions as the purchase of: "Ten no. 16 gun clubs and ten dozen (120) no. 16-A shells for same" and "two long range gas guns, single action, of the hammer-hinged type, at \$40 each, and twelve long range tear gas charges for these guns, at \$90 a dozen, or a total of \$170."

But it is in the field of the fifth column that Knudsen is likely to make his highest mark. He is probably one of the foremost authorities in the country on the fifth column, and why

not? He supported one for years. The records on this venture, too, are incomplete, having likewise been destroyed before Senators LaFollette and Thomas could see them. But those taken from the files of Pinkerton and other labor spy agencies reveal that, over a period of thirty months, Knudsen authorized the expenditure of nearly \$1,000,000 for fifth column work among his employees.

Knudsen's spies were not content with spying on the workers and sending in reports that resulted in discharge and blacklist of those having union leanings. They were not content with worming their way into the offices of the unions for the purpose of breaking them up. Knudsen's spies spied on other spies; they spied on GM's competitors. They did not even scruple, when Knudsen ordered it, to spy on officials of the US government.

But of principal concern today is how Knudsen's new appointment jibes with President Roosevelt's assurance that the armaments drive shall be conducted with every consideration for the rights of labor. If that implies acceptance of the Wagner act, Knudsen is out. He just cannot get used to the idea that the Wagner act is part of the law of the land. It is, in his opinion, "the greatest drawback to good industrial relations." His attitude toward labor unions is just the same. "The union movement in the United States is doomed," says he, unless a new leadership can be provided that will prevent lockouts such as the Chrysler Corp. ordered against the workers last fall.

KNUDSEN LEARNS

It took a long strike to compel Knudsen to bargain collectively with his employees in the first place and it took a succession of smaller strikes thereafter to convince him of the wisdom of living up to the contract he had signed. Although the General Motors Corp. is recognized by the Federal Trade Commission as the greatest money-maker in the history of the world, it has stubbornly fought every attempt of its employees to secure an annual wage equal to the federal minimum for health and decency; and at this writing is threatening to provoke a strike over the union's demand for a 10 percent raise.

If it be supposed that the UAW-CIO's overwhelming victory in the recent NLRB elections would soften Knudsen's attitude toward labor, Knudsen himself quickly dispelled that notion. In the negotiations that followed he stalled for weeks and ended by offering a contract in the nature of an ultimatum, which every local voting on it has rejected unanimously.

The Detroit Board of Commerce and the pro-Vandenberg Detroit papers have expressed their gratification over the appointment of Knudsen, the man who not so long ago denounced the administration's policy in the GM sitdown strike. Workers, however, can see nothing hopeful in the prospect of a man with his pronounced anti-labor bias having anything whatever to say about the labor policies of the so-called defense program.

HARVEY T. SCUDDER.

Triumvirate of Disintegration

Reaction turns for moral authority to defectors from the ranks of progress. Mumford, Frank, and MacLeish play their parts.

SOME twenty years ago, in the period after the first world war, a large publishing house held a meeting of its officers and department heads to consider a peculiar problem. "Think books," more officially though more aridly known as "nonfiction," were increasing in sales; and of the "think books," those that the president of the firm considered "radical" were the sales leaders. The warnings of writers like Keynes, Beard, Wells, Shaw, and Upton Sinclair undoubtedly had the ear of the public. This was not to the liking of the gentlemen assembled.

The remedy decided on was simple—as simple as the diagnosis, which was that the radicals were succeeding by default; the better tory minds were not giving them any competition. Let the better tory minds come forward with the ripe fruits of their wisdom and experience, and the radicals would sink through the bottom of the best seller lists.

Some six months later the first products of this intellectual muster of the right began to appear. Much of it was ghost-written and had the dressed-dummy quality of that branch of literature. The tory, facing the public "in person" instead of through his public relations counsel, suddenly appeared to feel the burdens of conscience; the one or two positive statements were so arrogant they repelled even the tory brethren. So far as I know, no similar special effort to spread tory doctrine among the intelligentsia has since been made.

Recently, however, a need on the part of the tories to acquire spiritual "face" has been felt. It has been felt, not to satisfy any spiritual hunger on their part, but to secure moral authority to enable them to lead the country into war. And just when they felt the need to be urgent, certain writers in spiritual adornment appeared with their brushes moist and held high. Mr. Lewis Mumford, Mr. Waldo Frank, Mr. Archibald MacLeish, and others arrived, denouncing liberalism, assailing some of the noblest purposes of our civilization as disintegrators of moral forces.

Certainly reaction can make good use of this reinforcement of "moral" strength. Messrs. Mumford, Frank, and MacLeish carry with them much moral prestige, partly acquired through their association with the left. They had become veritable high pressure tanks of moral indignation. And they have brought up these stores to the right at a well chosen time.

One would think that the last thing Mumford, Frank, and MacLeish would want to do would be to strengthen the hands of the American counterparts of Weygand and Churchill, of those men who, not bothering to button all the buttons of their disguises, are posing as anti-fascists in order to prepare the way for *their* fascism.

However, we have Mr. Frank calling on

us to cast away reason and science, which have been the chief sources of moral strength in our civilization and which have been among the first victims in the fascist assault upon our civilization. In their place Mr. Frank proposes that we adopt medieval salvation. This, Mr. Frank tells us, will give us that famous "sense of the whole." The fascists, we may observe, went further back for a faith to replace "reason," and they too have propounded a "sense of the whole" of their own.

On his part Mr. Mumford would have us go hysterically into action at once. We must stop reasoning, he says; we must let ourselves give way to our pure emotions; we must act! There is a war ahead; let us pile in. I should like to remind Mr. Mumford of a certain war for the return of a beautiful kidnappee which ended with a city thoroughly looted and the lady completely forgotten. Other noble wars, including the crusades, when they were led by people with a profit-and-loom habit of mind, have had outcomes depressingly different from the noble motives which had been announced. We can agree with Mr. Mumford on the value of action, but only where it could, unperversely, serve the cause of democracy.

Of all three, however, Mr. MacLeish's attack is the most insidious and most dangerous. It pays lip service to certain noble books and then proceeds to outlaw them. The procedure is similar to that by which a courteous college president gets rid of an unorthodox professor. The danger lies in the method, which is more persuasive than Mr. Frank's. Mr. Frank says a good thing is bad; Mr. MacLeish says, a good thing is good but, in the present emergency, its effects are harmful. This appears reasonable and provides a convenient formula for attacks and, ultimately, suppression of other good things.

Mr. MacLeish's statement is not only harmful, but it is wrong. He castigates certain writers as having been factors for spiritual demoralization, for paralyzing our will for action. From such minds and such books as he mentions, however, has issued one of the few streams of moral energy, that have flowed in our generation. The effect of Mr. MacLeish's statement, as the arc of inference widens, will be disastrous to anything progressive, since anything can be condemned as a factor for spiritual demoralization. I hope we shall not see the day when his statements are used to justify the burning of books.

Focusing from high places in the political and economic landscape tends to produce peculiar distortions of vision. It is perhaps his new eminence that has led Mr. MacLeish to locate spiritual demoralization, not where he formerly accurately placed it in the surfeited raiders of the American continent, but in one of our few obvious sources of moral integration, the writers of protest against inhumanity.

There is the fact to begin with, which Richard Aldington, one of the writers mentioned by Mr. MacLeish, pointed out: that their books, because of the publishing structure of the country, could not have had the influence Mr. MacLeish attributes to them. If there is widespread disillusionment in the country, its promoters must be looked for elsewhere. If America's youth is skeptical, it is not because they read these books—most of them read books of quite a different order—but because they have been denied a dignified and useful place in society, because they have been denied normal ambitions. It is not the writers who have denied them. The power of denial rests with those at the controls of our economic system. It is our economic system which produces skepticism and cynicism.

Above all, the writers whom Mr. MacLeish attacks were not cynics or skeptics. Cynics and skeptics do not risk life and reputation. They were of the company and of the kind who went to defend democracy in Spain and inspired others to go while the present defenders of democracy in the counting houses were embargoing democracy in Spain and keeping it from arming itself against its murderers. Such writers, whom Mr. MacLeish would have us believe to be incapable of emotion or action, gave glorious examples of emotion and action. They were conspicuous in our time as generators of moral force and enemies of spiritual disintegration.

To come a little closer home, when the New Deal was still healthy, its most enthusiastic advocates, always ready to protest and picket when it was threatened, were the sort of writers whom Mr. MacLeish has maligned. They gave the New Deal this enthusiastic advocacy because they saw it as an extension of democracy, an institutionalization of a few basic rights for labor, the first steps to protect the American people from economic disaster, and, through the WPA cultural projects, the greatest extension of culture among the people since the institution of the free public school. Who were the skeptics and cynics before this effort for democracy, whose maintenance would have much enriched our stores of moral energy? I think Mr. MacLeish will find more of them in his present than in his past company. It is there that he will find the demoralizers, the paralyzers of will. Cutting off the influence of the progressive writers in our country will guarantee the spread of apathy, a dangerous precondition of fascism.

We can now return to our beginning. Reaction has never been able to make a moral defense before the people because its relation to the people is indefensible. It turns for moral authority to defectors from the ranks of progress. These can bring only a limited moral authority—tarnished to begin with by the knowledge of the defection and frustrated finally by the fact that the old prestige cannot long survive in its new association. Very rapidly the reactionary and the former liberal or radical become indistinguishable. The moral force, generated by the toil and the struggle of progressives, is non-transferable.

ISIDOR SCHNEIDER.