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DOUG JENNESS

INTERNATIONAL SOCIALIST REVIEW

WHICH ROAD TO PEACE?

— An Editorial —

Soviet Bid for World Trade

Split in the AFL-CIO

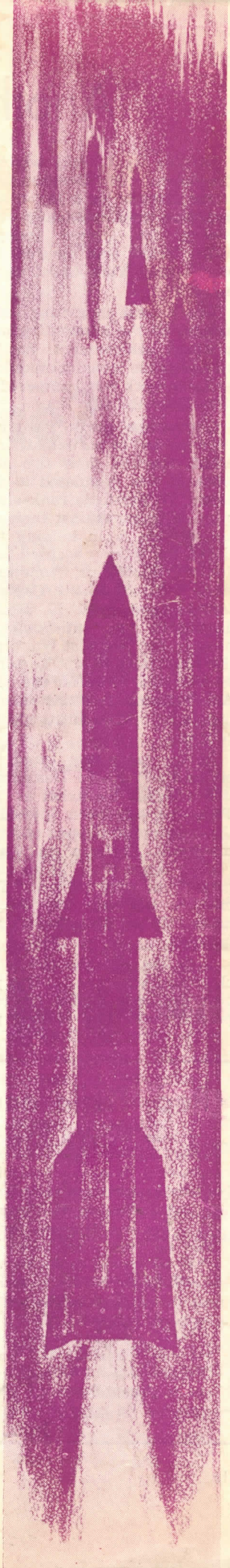
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— A Review —

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Another Step Ahead

Barring legal tricks which either the Republican or Democratic machines might attempt in a last-ditch effort to maintain their monopoly of the voting booths, the United Independent-Socialist ticket was assured of its place on the New York ballot as we went to press.

The success in getting sufficient signatures on the nominating petitions was a signal achievement, for besides the unreasonable technical requirements, the arduous work was hampered by ambush shots from the side lines.

Communist party leaders, who had been invited to participate in the united effort, levelled their fire at the ticket when it was calculated to do the most harm. To persuade rank-and-file Communists to go against their own wishes and refrain from helping the socialist ticket, the *Worker* accused the nominees, John T. McManus, Annette T. Rubinstein, Corliss Lamont, Captain Hugh N. Mulzac, and Scott K. Gray of being dominated by "anti-Soviet" elements; namely, the Socialist Workers party. All the candidates except Lamont were told to withdraw or suffer the consequences. Advertisements submitted to the *Worker* urging help in securing signatures were refused.

At the same time leaders of the Socialist Party-Social Democratic Federation attacked the ticket as "pro-Soviet." They too had been invited to join in the democratic process of working out a minimum platform on which all socialists could unite in an election campaign; but they refused. They threatened to file suit over the use of the name "United Socialist" as a ballot designation.

Both the CP and Social Democratic chieftains view the Liberal party as the best available means for registering a protest vote. The Liberal party, how-

ever, has endorsed virtually all the Democratic candidates, including Hogan for senator. Hogan is such an abject creature of the De Sapio machine that even the millionaire Harriman sought to block his nomination.

The capacity of the Social Democratic and Communist party leaders to unite against a socialist ticket and in favor of "lesser evil" candidates of one of the two capitalist machines should prove instructive to members of both organizations.

The United Independent-Socialist ticket decided not to get into a dispute over semantics with the Social Democrats. "Independent-Socialist" is now the ballot designation.

As for the Communist party ultimatum, the candidates, headed by Lamont, rejected it. McManus came to the defense of the Socialist Workers party, praising its work in the campaign, its capacity to present forceful arguments for its viewpoint in discussions over platform while listening attentively to other views. In his experience, he said, he had seen no evidence of anything "anti-Soviet" about the SWP. (See the *Militant*, Sept. 1, and *National Guardian*, Aug. 25 and Sept. 8.)

Two more attacks should be noted as curiosities. *Labor Action*, the bi-weekly voice of the Shachtmanites, has devoted some columns to tortuous "analysis" of the meaning of the CP attack on what it calls a "Stalinoid" ticket. This speculation has amused at least those who know that this group could have participated in the united effort from the beginning. Instead of seeking to help shape the platform and decide on candidates, however, these "analysts" chose to forage in the Social Democratic bone yard which they hope will one day provide them with juicy pickings. Their elation over acceptance into an organi-

Deserved Praise

The United Independent-Socialist party ticket in New York deserves praise for making a clean break with the Communist party and rejecting the latter's proposal that all candidates except Corliss Lamont for U.S. Senate withdraw as the price of CP support. Such support would in any case be a ruinous incubus. The *Worker*, the party's weekly organ, has sunk into the most deadly slavishness to Muscovite line, as was evident again (Aug. 17) in its criticism of John T. McManus, the U.I.S. candidate for Governor, because the *National Guardian* of which he is editor criticized the execution of Nagy and because — worst of sins — he is "cooperating with Trotzkyites." — I. F. Stone's *Weekly*, Aug. 25.

zation that demands due consideration of State Department views is to be weighed against the adjectives they use to describe the United Independent-Socialist ticket.

The *Weekly People*, voice of Socialist Labor party representatives, who were also invited in on the ground floor, has likewise engaged in curious speculation about the candidates: it is "plausible" to imagine, we are told, that "it is highly unlikely that they would now recoil from a tender of Republican aid" particularly in getting signatures on petitions.

The fact is that many people who have voted Republican or Democratic in the past normally sign nominating petitions due to their conviction that every voter should have a chance to cast his ballot for a minority party if he wants to. We doubt that election workers of the Socialist Labor party are instructed to refuse to accept such signatures on their petitions.

It is too bad that all these well-meaning socialists could not break through their sectarian habits for the sake of a united election campaign this year against the twin machines of Big Business. We hope that they will reconsider by election day and pull the Independent-Socialist lever on the voting machines.

As for the radicals in the rest of the country, we know that many of them regard the work in New York as a hopeful and significant advance toward a vigorous, nation-wide socialist campaign in 1960.

Other developments include discussions in Seattle to probe electoral possibilities and formation of a committee in California. In Michigan Socialist Workers candidates are stressing the importance of preparing now for 1960.

Meanwhile the Rev. Joseph P. King's victory over Democratic efforts to keep him off the ballot as Congressional candidate from Chicago's Second District has suggested to socialists elsewhere the obvious conclusion: "If it can be done in a place as tough as Chicago . . ."

Pep, Piffle and Fizzle

Printers' Ink, which is trying to persuade advertisers that the depression is over, was critical in its Aug. 1 issue of the auto industry's recent sales campaign:

"What should be done when people don't buy? The favorite answer during the recession was 'more old-fashioned hard sell . . .' That was typified by the You Auto Buy Now campaigns held in 264 cities in the past five months. If there was such a thing as the 'hard sell, that was it.

"Most cities had a parade, — new cars, old cars, stage coaches, fire engines, all graced with pretty girls or circus clowns. The streets of staid Evanston, a Chicago suburb, rocked to the music of a wheezing calliope.

Salesmen all wore 'Keep the economy strong' buttons, and streamers that appeal to patriotism blazoned in the streets.

"This sort of hoopla reached its ultimate when William Power, Chevrolet's national ad manager, rode into the Madison Square Garden rally in New York astride an elephant, wearing a pith helmet, firing blank cartridges, and shouting, 'Pep without purpose is piffle!'"

Printers' Ink noted sardonically that auto sales dropped during the campaign from 1957's level of 4,993,607 to 3,762,806 in the same five-month period, a loss of 1,230,801 models.

Editorial

Which Road to Peace?

THE Eisenhower administration appears, reluctantly, to have made up whatever collective mind it has that a concession must be made to the world-wide demand that it follow the Soviet initiative and suspend nuclear poisoning of the earth's atmosphere. The public has been informed, consequently, that negotiations on America's giving up nuclear tests for "one year" will be undertaken — after ten more tests. Nothing was said, of course, about dismantling the stockpile now sufficient to exterminate all life a dozen times over or of giving up the manufacture of additional stockpiles for use as good measure.

Nevertheless, this grudging gesture, coupled with equally grudging U.S. acquiescence in the United Nations resolution calling for the "early" withdrawal of American and British troops from Lebanon and Jordan, aroused fresh hopes that a "summit conference" is now possible in which some kind of settlement assuring peace might be reached between the USSR and the USA. Among liberals and pacifists especially the continued appeal of the Soviet government for such a meeting of the heads of states is approved as a welcome display of good will; now if Eisenhower could just be dragged from the golf course to the bargaining table where Khrushchev is waiting!

What a "summit conference" can accomplish is determined by the aims and policies of the participants. These, as a great body of grim experience should teach us, are not necessarily the same as the declarations the participants make for public consumption. We are not confined to guesswork in determining what aims and policies the imperialist representatives of the United States and the bureaucratic representatives of the Soviet Union might pursue at a top level meeting. Such meetings have already been held. Most of the secret part of the confabs — the part that counted — has become public property. We now know that when Roosevelt, Churchill and Stalin got together at Yalta and Teheran, what they did was to divide the world into spheres of influence, deciding which ruler was to get which section of the world's population and resources. For example, the Kurile Islands were to go to the

Soviet Union; all of Greece and half of Yugoslavia to Great Britain. This was the secret, "practical" side of the famous "Four Freedoms" that Roosevelt and Churchill had proclaimed as the Allied aims in World War II.

Attention should be paid to the anti-democratic character of these conferences. Roosevelt, Churchill and Stalin arrogated to themselves regulation of the fate of the peoples of the world. They assumed powers that no kings, emperors or dictators had wielded before them. None of the three considered himself subject to control by parliamentary law, still less to control by the people he pushed around on the international chessboard.

Lest it be assumed that calling attention to such unpleasant facts indicates a bias on our part against international diplomatic relations, negotiations, governmental conferences and agreements in general, let us specify right here that such is not the case. We are for a conference to remove the obstacles to trade like the ban on shipment of so-called "strategic" goods to the Soviet Union, the People's Republic of China and the countries of Eastern Europe. We are for an agreement to do away with customs duties and tariff walls. We have long advocated, for instance, a United States of Europe and a United States of South America where intra-continental trade could flow freely. We have likewise persistently advocated American recognition of the People's Republic of China, just as socialists in the twenties and early thirties advocated recognition of the Soviet Union. We are for cultural exchange and friendly relations among all nations.

What we oppose are *policies*, whether conducted through ordinary secret diplomatic channels or through secret get-togethers at "summit conferences," that block the road to enduring peace.

These policies are not openly acknowledged by the statesmen. In fact, in accordance with the rules of their venerable trade, they generally deny them. However, the policies can be determined from the evidence — just as we can determine from the evidence that the tracks we saw in the woods were left by a bulldozer.

In contrast to Eisenhower, who refuses to take time off from his putting practice on the White House lawns,

the sick Roosevelt and the aged Churchill went all the way to the Black Sea to talk things over with Stalin. Roosevelt had already asked and obtained from the Generalissimo dissolution of the Communist International. He wanted more of the same. His need of Stalin's services and his expectation that Stalin could deliver were evidently great enough to make the arduous trip worth the inconvenience.

Agreement was reached on a united front in handling the inevitable postwar revolutionary upsurge. Stalin came through with his part of the bargain in generous style. In Greece, upon defeat of the Nazi occupation, the Communist party was brought into effective power by overwhelming popular consent. The party thereupon facilitated the landing of British troops and the restoration of power to the House of Glucksberg. In Italy after the downfall of Mussolini the Communist party emerged as the largest and most influential organization. A series of great strike waves put it in power in towns and cities throughout the country. But the policy was to refuse to take power. Anything but socialism for Italy! Similarly in France following the collapse of Petain the armed resistance movement pushed the Communist party repeatedly toward government power. Policy was to turn down the opportunity and keep France capitalist. The deal that Roosevelt and Churchill made with Stalin

at Yalta and Teheran prevented the continent of Europe from going socialist in 1945-47. That was what the policies agreed on at those two summit conferences and later at Potsdam cost the struggle for enduring peace.

In the United States, Stalin's policy was known as "Browderism," although both Foster and Dennis approved and practiced it. It meant seeking class peace with J. Pierpont Morgan. Strikes of the United Mine Workers were denounced, other strikes were broken. The no-strike pledge was extended in unions under Communist party influence to the postwar period, the jailing of advocates of socialism was commended, and independent electoral activity was forsworn. The pernicious effects of Stalin's deal at Yalta and Teheran are felt to this day in the American radical movement.

In addition time bombs were planted in the new status quo that was agreed upon at Yalta, Teheran and Potsdam. One of them was Korea. The artificial division of this country into two halves, neither of which could exist independently of the other, assured the later outbreak of civil war. Another time bomb still ticking away is Germany. The occasional flare-ups in Berlin are warnings that the partition of this country at the end of the war created an explosive issue in the heart of Europe. World War III may yet focus around Germany as did World War I and World War II.

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FORTUNATELY for the struggle for peace, Stalin did not succeed in making delivery everywhere. In India, the Communist party became so discredited by its opposition to the independence movement that it was cut to ribbons. Over its blind resistance to disturbing the status quo, the Indian masses pushed through the break from British rule. If India is today toasted by the Kremlin as "neutral" and "uncommitted," no thanks is due the shade of Stalin. In Yugoslavia, the Communist party proved independent enough to break from Stalin's domination. The social revolution that brought Tito to power succeeded in tearing this key Balkan country from Britain's imperialist grip. In China, Stalin's orders were disregarded. Instead of continuing their alliance with Chiang Kai-shek, the Mao leadership finally bowed to the surging might of the greatest revolution since 1917 and took power. This revolution, upsetting the status quo in Asia and the western Pacific, struck the single biggest blow for peace in the postwar period.

The Yalta-Teheran-Potsdam deal lasted barely until 1947. This was testimony in its way to the futile utopianism of trying to maintain the status quo. In that year, the Kremlin recognized that the Truman-Churchill policy of "cold war" was not temporary diplomatic pressure but signified the beginning of an imperialist effort to change things in accordance with what seemed to be a more favorable balance of forces for reaction and counter-revolution. European capitalism by now had been stabilized, the postwar revolutionary upsurge was receding, and the United States had a monopoly of the atomic bomb. When Stalin understood that the Marshall Plan was not meant to include aid for the war-ravaged Soviet Union and the areas taken by the Red Army as it rolled toward Berlin, he responded by himself upsetting the status quo. In bureaucratic fashion

the capitalist structure in Eastern Europe was knocked over; and the various Communist parties began talking in militant terms — without too much success, for their prestige by this time had dropped abysmally. Even in the United States, the Communist party shifted from support of the Democratic machine to support of the Wallace movement. This was too little and too late, for already America's greatest witch-hunt was gathering momentum and the Communist party had spent the war years preparing for its own easy victimization.

"All this is ancient history!" a critic may respond. "Who is interested in rehashing the dreary crimes of Stalin today? Reforms have been undertaken in the Soviet Union; the cult of Stalin is dead; a new, dynamic leadership is in power. Besides, since Truman and Churchill started the cold war, a new factor has appeared in international relations — the H-Bomb. This totally changes the character of war so that it no longer serves as a way of continuing politics by other means. Atomic war means suicide. Therefore it becomes inconceivable. Consequently it is in the interest of both imperialism and the new social order to reach a peaceful way of competing. This is the realistic basis for reaching a modus vivendi at a summit conference. That it is possible to ease tensions by top level meetings has already been demonstrated. The Geneva Conference in 1955 is proof enough."

The example of Geneva is well taken. In a heroic struggle for their freedom and independence the people of Indo-China had won a costly victory over their French colonial masters. What occurred at Geneva? Instead of recognizing the will of the Indo-Chinese people, the diplomats partitioned Indo-China like Korea, saving one half for French imperialism. After this concession was in the bag, Eisenhower put his golf clubs aside and flew to Geneva to uphold his part of the bargain. This was to temporarily ease world tensions by passing the time of day with Khrushchev and Bulganin.

And what happened after Geneva? The new harmony did not last long. Britain, France and Israel staged a raid on the Suez Canal. The "reformed" Soviet bureaucracy crushed the Hungarian workers revolution. Khrushchev broke off relations once again with Tito. Eisenhower and Macmillan landed troops in Lebanon and Jordan. Such events have led more than a few peace-loving people to revise their concept that atomic war is "inconceivable."

Our point is not to seek recognition for priority in discovering the crimes of Stalin and Khrushchev — or of Roosevelt, Truman and Churchill. In our view the deeds of these rulers are manifestations of contradictory economic and social forces that have a continuity of their own. The movement of these forces must be understood, we think, if we are to find genuinely realistic grounds on which to base the struggle for peace.

WE suspect that the gentlemen who plot the course of American foreign policy are aware of these deep forces and take them into consideration in their calculations. If Eisenhower is uninterested in sitting

down with Khrushchev it is not due to petulance. Right now it's more profitable to play golf, because Khrushchev can't deliver in the area of interest. The Arab people are not following the Communist party; they are following leaders more responsive to their wishes and — to the shame of the Communist party — more militant in the struggle against imperialism. These leaders are petty-bourgeois nationalists like Nasser. The State Department experts need only ask themselves the question, "What could Khrushchev do about the overturn in Iraq?" to come up with the answer to the demand that Eisenhower should split a bottle of Vodka with Khrushchev. If a deal is required, they need no brokers. They can sit down with the Arab nationalist leaders in Cairo or Washington, or at the UN address in New York. If De Gaulle, on the other hand, evinces interest in a summit conference, it is because he calculates that Khrushchev could prove useful, as did Stalin in immobilizing the French working class while he consolidates his Bonapartist dictatorship. The Communist party still occupies a prominent position in French politics.

But what about the Kremlin? Doesn't the new dynamic leadership recognize these realities? If so, why does it persist in calling for a summit conference?

In our opinion, the Khrushchev government is very much in need of greater stability in international relations. This is not altogether to its discredit. The Soviet economy by its very structure requires peace and not war to function smoothly. In representing this need, Khrushchev plays a progressive role.

We also believe that the Soviet bureaucracy is under great domestic pressure to avoid the disastrous policy which Stalin followed and which helped pave the way for the German imperialist invasion. The Soviet people are aware of the strains and stresses in relations with the satellite countries. They are disturbed by the bickerings, the jealousies and the bureaucratic policies that drive nations to revolt. They are resentful over the slow progress of socialism. How long must they hold out before an advanced country of the West goes socialist? Isn't the bureaucracy responsible, at least in part, for the continued war danger, for the failure of the Communist parties of the West to achieve success?

The need to divert an enormous sector of Soviet industrial capacity and man power to an arms race with world imperialism lays a grievous burden on the Soviet masses. They want more food, more clothing, better housing, improved quality in all consumer goods. How can they get these, help China and Eastern Europe to industrialize, and at the same time compete with the American war industries?

If the threat of war could be allayed, the bureaucracy must think, domestic tensions, which are pointing to a political revolution, could at once be eased. What a happy solution if the imperialist powers could be persuaded to give up their war preparations!

Diplomatic needs also play a part in Khrushchev's insistence on a summit meeting. The colonial masses, by and large, turn to the Soviet Union for inspiration. Their yearning for a world of tranquility is exploited

and given a facile, "common sense" expression by the demand for a summit conference.

It is not without interest, however, that Khrushchev's most intensive campaign for a summit conference, at the height of the Middle East crisis in July and August, did not meet with universal approval among the anti-imperialists. After Khrushchev had won agreement to a summit conference under auspices of the United Nations Security Council, it will be recalled, Mao summoned him to a different summit conference in Peking. After leaving that hasty meeting, Khrushchev backed out of his UN rendezvous, explaining rather belatedly that he could scarcely be expected to sit down at the same table with a political "corpse" like Chiang Kai-shek. It may be assumed that Mao expected no good from another conference like the ones at Yalta, Teheran, Potsdam and Geneva and offered Khrushchev his opinion.

The same lack of enthusiasm for a confab between Khrushchev and Eisenhower was observable among the Arab nationalist leaders. What did they have to gain from these two statesmen getting together over a map of the Middle East? They pushed their own aims in the UN General Assembly which were to get greater freedom for themselves; and, deploying the power of the Arab revolution which had toppled King Faisal in Iraq, they won a concession—agreement on "early" withdrawal of American and British troops from Lebanon and Jordan. The Arab leaders thus removed one of the most powerful reasons Khrushchev had given for holding an immediate summit conference.

THE basic reality we must start from in working out a peace program, in our opinion, is the contradictory world economic structure. So long as capitalism endures, it is inevitably impelled in the direction of economic rivalries which sooner or later change into war. Capitalist foreign policy is built on this foundation, no matter how it is packaged for mass consumption. A realistic peace program must therefore take as its first point the extension of planned economy until it becomes world-wide. There is no other road to enduring peace.

It follows from this that planned economies must be defended where they have already been established, no matter what the defects in them that call for rectification. It also follows that no substitutes can be accepted in place of extending planned economy into new areas. There are no substitutes. No world "courts," no special "peace" organizations, no "collective security" that can overcome the difference between the anarchy of capitalism and the scientific order of planned economy.

The means for establishing planned economies where capitalism now exists is known. Prayers and petitions to the ruling class are unavailing. The rulers follow policies that advance their own economic and social interests. While individual capitalists may achieve a broader outlook, the class as a whole never rises above its own limitations. Historically the establishment of planned economy corresponds with the interests of the

working class. By stubbornly and intelligently fighting for these interests the working class can lead humanity into the new order of socialism where war is automatically excluded by the basic requirement of the system—cooperative labor.

A realistic peace program must therefore rely on development of the class struggle. This algebraic term signifies the arousal of political consciousness among workers, an understanding of what their class interests are and what successful pursuit of these interests signifies for the future of mankind. The task of socialists is to devote all their energies to this educational work.

To concentrate on this is neither utopian nor sectarian. Mighty forces, operating in the socialist direction, facilitate the work.

In the first place, imperialism itself, no matter how it seeks to maintain the status quo, continually upsets it. Imperialism drags the most backward peoples into the main stream of industrial progress. The first wheel seen by some tribes in Equatorial Africa was the landing gear of a modern bomber. The Bedouin parks his camel before an automated oil refinery and the South Pacific islander in his dugout shields his eyes from the glare of an H-Bomb. To these primitives the imperialist missionaries hold up the American standard of living with its abundance, its medical facilities, its educational level and its machine-age conveniences.

The Soviet Union too, despite the efforts of the bureaucracy to maintain the status quo, continually inspires the masses of the world to break out of their miserable ancient routine. The sputniks, which Khrushchev utilizes to demonstrate Soviet prowess, tell the people of the most backward areas as they speed overhead in their orbits that modern miracles are not beyond their own capacities—all they need is a planned economy and they can do it themselves.

Let us add to this the very real threat of atomic annihilation in a third world war, a threat that serves to shake people up, to sweep away mental cobwebs and to arouse them to action.

Finally we should not forget to note that in the most powerful of capitalist countries tranquility is denied the working people. Economic insecurity is a never-ending worry, whether in its acute form of depression or in its chronic form of technological unemployment and early disposal on the scrap heap of humans too old to keep up with the belt line. Special insecurities affect the minority groups in jobs, education, housing and recreation. The unions are the target of legislative labor-baiters. The possibility of another war haunts the thinking of millions of Americans.

These gnawing problems clash with the buoyant American spirit that is not accustomed to remain cowed long before reactionary forces—as two successful American revolutions testify.

Such considerations should give American socialists every reason for confidence that their program for peace, based on the policy of advancing the class struggle, can succeed—and in time to prevent an atomic catastrophe.

The Split in the AFL-CIO

What happened to "Operation Dixie" and the organization of white-collar workers? While labor officials vie for favor in business circles, new union-busting laws spell fresh danger

by Arne Swabeck

SCARCELY three years ago the AFL and the CIO joined forces in a united organization. Ostensibly, this action was inspired by the compelling need for common defense against the trend of punitive and oppressive labor legislation which had become so painfully apparent with the passage of the Taft-Hartley Act. But now, while punitive and oppressive legislative measures have been building up to a formidable threat and even before the merger has been fully consummated on the local levels, the body so recently united has again split wide open.

This split has none of the progressive features that characterized the turn of events during the great struggles of the thirties. The division that took place then was motivated fundamentally by the irresistible urge for organization displayed by millions of workers in the giant mills and factories across the nation. The major segment of ossified craft-union leaders was utterly incapable of facing up to this task; the craft-union form of organization was hopelessly inadequate; so the CIO arose outside of the parent body.

This time, however, the split has been engineered exclusively at the bureaucratic top levels. It has been compounded by corruption, racketeering, and criminally irresponsible disregard of the pressing need for labor unity to head off the mounting attacks by Big Business and its governmental agencies.

Less than a year ago the 1,500,000-member Teamsters union was expelled from the AFL-CIO. Shortly thereafter followed the expulsion of

the Bakery Workers union and the Laundry Workers union. The unscrupulous crooks and panderers at the head of these organizations had been hauled before the McClellan Committee as a part of its effort to discredit the labor movement. Even though Meany and Reuther, sounding off for the bureaucratic hierarchy, could not avoid recognizing the anti-labor bias of the committee, their reflex action was instantaneous.

Above all they were concerned with the question of bourgeois respectability. Facing up to the committee's challenge was farthest from their thoughts. Instead they resorted quickly to the only measure they seem to know — punitive action against the unions already victimized by the pandering parasites.

Subsequently, the expelled Teamsters union entered a series of mutual aid pacts with a number of AFL-CIO affiliates. Among them, the Retail Clerks union is deeply indebted to the Teamsters for aid in obtaining a union contract with Montgomery Ward & Company. And in cooperation with other unions the Teamsters are now tackling the organization of workers in the far-flung Sears Roebuck commercial chain.

The expulsion did not impair the patently powerful strategic position occupied by the Teamsters union. This is the union that moves things to the mills and plants, to the construction sites and to the commercial establishments, reaching into every hamlet of the nation. This invests the Teamsters union with exceptionally potent economic bargaining powers vis-à-vis the employers. Its strate-

gic position in relation to a large number of unions is no less pronounced. This derives from the fact that the latter, in their efforts to hold the union line, whether it be in struggle for wages and working conditions or to expand organization, are most directly dependent upon the support of the men who drive the trucks. The teamsters have won renown everywhere for their aggressive and militant union action. They come closer than the members of most other unions to living up to the indispensable working-class principle: Never cross a picket line.

That the Teamsters union intends to take further advantage of its strategic position is clearly indicated. Hoffa, who succeeded Beck as president, did not escape too successfully the heavy corruption charges levelled against him. Perhaps he now feels that he holds office on probation, so to speak, and is eager to strike out along new paths. At any rate, bold and audacious plans for a huge transportation union combine have come out of Hoffa's sumptuous headquarters at the Teamsters Palace in Washington, D. C.

The plans envisage the welding of all land, sea and air transportation unions into a grand alliance, which could, if successful, embrace some fifty unions, both inside and outside the AFL-CIO, with a present combined membership of about 3,500,000 workers. If successful, it could also open up prospects of ending the debilitating disunity, conflicts and rivalry which have racked the unions engaged in transportation. This fact

alone suffices to mark its distinctly progressive nature.

Signing a document on July 3, embodying the ideas of the alliance and projecting a conference of all unions concerned, were Hoffa for the Teamsters, Joseph Curran and William Bradley for the National Maritime Union and the East Coast Longshoremen's union, respectively. It was further reported that the president of the Seafarers International Union had agreed to become one of the initiators of the conference on transportation unity.

It will be recalled that Curran, who is a vice-president of the AFL-CIO, was one of the hatchet wielders in the ostracizing of the Teamsters less than a year ago. He now breathes defiance at any threat of interference from his former partners in the hatchet job. The East Coast Longshoremen's union had been previously expelled; but its membership defeated in three successive elections repeated attempts by Meany and company to set up a rival organization.

Anticipating the opening of the St. Lawrence seaway, preliminary steps have already been taken for an all-out drive to organize an estimated 200,000 Canadian dock and transportation workers. Decision to go ahead with the campaign "almost immediately" was reached at a recent meeting in Montreal of union representatives from both sides of the border, and sponsored by the initiators of the conference on transportation unity. The meeting received assurance of Canadian Labor Congress support.

"I Never Went on Strike in My Life!"

Not so here in the United States. The grandiose plans and projections from the Teamsters headquarters provoked a violent reaction. The mouthpieces of Big Business and its Washington political representatives opened a barrage of denunciation: "It's a monopoly; it's outside the pale of the legitimate trade-union movement; its power could paralyze the nation," they screamed in a rising crescendo of vituperation and abuse. And George Meany joined the chorus in his own way and with his own bluster and threats.

Immediately upon his return from a month-long visit to Europe, Meany declared war on the spreading network of pacts between Federation units and truck drivers. Like John Foster Dulles, Meany has a penchant for the "art of brinkmanship." But it must be said in justice to Dulles, that while he retreats, under compulsion, to meditate on agonizing reappraisals, Meany, on the contrary, rushes ahead.

Meany lost no time letting it be known that he would press for the expulsion of affiliated unions joining "any alliance to build up the strength and prestige of exiled organizations." Commending Meany for his stand, Labor Secretary Mitchell raised the threat that unions may be put under anti-trust regulations if the proposed alliance of transportation unions succeeds. Chairman McClellan hurriedly summoned Hoffa and other Teamsters union officials for another round of Senate Committee "investigations." Counsel to the Committee, Robert F. Kennedy, declared the projected alliance to be "far, far more dangerous to the U.S. and its economy than all the Mafia and secret criminal organizations combined." Overtly or covertly, measures of collaboration to prevent the unity of transportation workers have thus taken on wide ramifications. Implicit in these combined efforts is the threat of a deeper and more debilitating split in the AFL-CIO, further undermining its present precarious position.

Meany's attitude is not at all surprising. His craven surrender in face of the obviously anti-labor objectives of the senatorial "investigations" is in perfect harmony with his arrogant and arbitrary schemes for a completely housebroken union structure. In this scheme labor militancy is to be shunned. Conversely, that type of structure leaves no room for trade-union democracy; much less does it enable the labor movement to accept what should be its natural role — that of leading champion of democracy in the nation.

Proceeding on this path, the AFL-CIO Executive Council, at its mid-summer meeting, ordered all unions in the federation to cancel their pacts with the Teamsters. At the same meeting Meany filed charges of cor-

ruption against the Hotel and Restaurant Workers, the Meatcutters and the Carpenters unions. No thought was given to the idea of appealing to the rank and file members to clean out the crooks and racketeers. Such action is anathema to this bureaucratic hierarchy.

In every respect Meany personifies the bureaucratic upper crust, who adapt themselves in thought and action to the philosophy of the capitalist profit system and succumb in practice to all its implications. Meany never passes up an opportunity to affirm his faith in the capitalist system, including its present imperialist cold-war policy. Officials of the Hoffa type differ from this bureaucratic hallmark only in their greater and more reckless proclivities for pandering and pilfering.

In December 1956 Meany appeared as guest speaker at the convention of the National Association of Manufacturers. Evidently he had accepted the invitation as an opportunity to demonstrate how reliable and how indispensable he and his fellow bureaucrats are as "petty but active stockholders" in the capitalist enterprise, its plans and programs at home and abroad. Here is how Meany stated his qualifications for partnership:

"I never went on strike in my life, never ran a strike in my life, never ordered anyone else to run a strike in my life, never had anything to do with a picket line . . .

"In the final analysis, there is not a great deal of difference between the things that I stand for and the things the NAM leaders stand for. I stand for the profit system. I believe it is a wonderful incentive. I believe in the free enterprise system completely."

Most assuredly, the profit system is a wonderful incentive for those who were assembled in the NAM convention. It is the source of their fabulous power and wealth. But it is also the source of wars and crises, of exploitation, of unemployment, of inequality and insecurity. Under the profit system, the only maxim considered worthy of note, by those who reap its bountiful harvest, is to sell as dearly as possible and to buy as cheaply as possible — including the buying of labor power. Liv-

ing up to this maxim, the manufacturing monopolists, the same as capitalists everywhere, resist wage increases, improvements of working conditions and recognition of workers rights with all the means and forces at their command. It is this that forms the basic content of the class struggle.

There is no evidence that the hard-boiled employers of the NAM accepted Meany's assurances as sufficient qualifications for partnership in the capitalist enterprise. They will permit Meany to pick the crumbs from their banquet table while demanding that he translate his faith in the partnership into concrete terms of squelching any notions of militant action by the workers. But, in the final analysis, they are the conscious class enemies who give no quarter. And, just now, when the trade-union movement is beset by the ravages of unemployment, these monopolists appear determined to strike the blows that they hope will reduce its great potential powers. The rank-and-file workers therefore owe it to themselves to take another hard look at Meany's qualifications for labor leadership.

"We Don't Believe in the Class Struggle"

Reuther's nimble shopkeeper type of opportunism supplements Meany's rock-ribbed conservatism in the AFL-CIO leadership, imparting to it an appearance of well-rounded flexibility. Reuther recognizes as a guiding policy only whatever seems to him to be dictated by expediency. He fancies himself a "social engineer" and he has often displayed an ability to advance slogans, demands or lofty social ideals. In most cases, however, these have remained stillborn or been whittled down to such an extent as to be bereft of serious content.

In the realities of capitalist life, this is what happened to Reuther's more recent proposals. The much-advertised "guaranteed annual wage" was reduced to meager supplemental unemployment compensation, honored by some states, rejected by others. The high-sounding profit-sharing plan was conveniently forgotten.

Admittedly, Reuther was catapult-

Sign of the Times

Small children have a horrifying capacity for keeping up with the news . . . I hear that American boys now point toy ray-guns at each other and shout: "Bang, Bang — you're sterile!" And a friend over here recently found her young nephews and nieces playing "Sex-maniacs and typists."—CRITIC in the London New Statesman.

ed into his present prominence by the dynamic rise and growth of the United Automobile Workers union, which itself had its origin in one of the most stormy periods of the class struggle in the United States. Yet he is now at great pains to repudiate that authentic history. The *New York Times* of March 28, 1958 quotes Reuther as saying: "We don't believe in the class struggle. The labor movement in America has never believed in the class struggle." But the class struggle catches up constantly with both Meany and Reuther.

Too often they mistake themselves for the labor movement, attributing to it their own views and beliefs. Meany's turn to do so was last year when his message to the Big Business-sponsored Industrial Development Conference declared: "American labor believes that private enterprise has been and can be a great force for economic and social progress." That was said just before the private enterprise system brought its present "recession," leaving millions of unemployed workers to subsist on relief.

Thus by their own repeated declarations of views and beliefs these preachers of class peace provide a measure of judgment of the present-day American labor leadership. Their actions as well as their failures, furnish even more conclusive evidence. The labor leadership, so closely tied in words and deeds to the capitalist system, has become a distressingly true reflection of the decay and degeneracy of this system. The movement it leads suffers from the corrosive effects of these influences.

Why Have the Unions Stopped Growing?

The stinging observation made by *Fortune* magazine (April 1953) rings tragically true today: "U.S. labor has lost the greatest dynamic any move-

ment can have — a confidence that it is going to get bigger. Organized labor has probably passed its peak strength . . . Since 1946 the working population has expanded but union membership has remained stationary."

While some unions like the Teamsters claim to have increased their membership, trade-union growth on the whole, judging by available evidence, has not kept abreast with the growing labor force. Most generally the officialdom lays the blame for this situation upon the union-busting Taft-Hartley Act and similar repressive labor legislation. However, as we shall see later, while there can be no denying the sinister effect of such legislation, this is not at all a complete explanation; much less can it serve as a justification for failure.

Indeed, the first decade of the Taft-Hartley Act has proved costly to trade-union organization. This is further aggravated by enactment of the misnamed "right to work" laws — which virtually outlaw the union shop — in not less than eighteen states, several of them located in the North, including the extensively industrialized state of Indiana.

Among examples of the impact of such legislative measures on labor organization, the case of the hosiery workers is perhaps the most extreme. Over 100,000 workers are employed in this industry, and it is one of those industries which are heavily affected by plant migration to the South. "Today union influence in the industry is at an ebb," says a special report issued by the Industrial Department, AFL-CIO. Between September 1947 and September 1957 the union membership dropped by 76.5% and whole local branches were completely wiped out.

Another indication of decline in the ratio of union growth is presented by collective bargaining elections conducted by the National Labor Relations Board. In 1937 unions won nearly 95% of all elections, and about 87% of those voting favored the unions as bargaining agents. Of the elections conducted in 1955 the unions won 68%, whereas in 1957 the figure had dropped to 61%. Among those participating in the elections in 1953 about 79% voted for the

unions; but in 1957 only 63%. In other words, the percentage of collective bargaining elections won by the unions shows a constant decline, and the same holds true for the percentage of workers favoring the unions as bargaining agents.

It is of course not to be expected that the trade-union movement should be able to keep on growing numerically and in terms of quality and power at all times and at the same ratio. Nor can it be expected under any and all circumstances to gain improvements for the workers that will ease their conditions of exploitation. Unions are instruments of struggle but their own internal dynamic remains at times dormant, only to explode and display a new spirit, vitality and strength at certain economic and political junctures when workers needs become particularly pressing. This is what happened during the thirties when the workers made a giant leap forward from the most backward to the most modern trade-union movement and did so on a grand scale. This complete transformation foreshadowed its immense potentialities for the future. By the same token this movement can fail to take advantage of its possibilities; it can fail to respond to its duties as an instrument of struggle; or it can retreat in the face of attacks at the cost of serious impairment of its own moral fibre and the undermining of its special economic and political position.

Precisely in this lies the real explanation for the pitifully weak and disoriented position of the trade-union movement now. The evil consequences of repressive labor legislation tell only a part of the story. Far more distressing is the dismal failure of the AFL-CIO leaders to pursue an active policy of organizational expansion.

There can now be no doubt that these leaders are as insensitive to the pressing needs of organizing the unorganized as was the pious Baptist deacon from Coshocton, Ohio, who preceded Meany in the presidency of the AFL. Moreover, if the builders of Rome had shown no more vigor and alacrity in their task than do these labor officials today, the streets would be still unpaved.

You Gotta Buy More

In his best-seller, "The Hidden Persuaders," Vance Packard declares: "As a nation we are already so rich that consumers are under no pressure of immediate necessity to buy a very large share — perhaps as much as 40% — of what is produced, and the pressure will get progressively less in the years ahead. But if consumers exercise their option not to buy a large share of what is produced, a great depression is not far behind."

However, utilizing American advertising know-how, marketers are rallying in heroic fashion to save the economy. Here are some instances, mentioned by Packard, of the ingenious thinking that has gone into solving the pressing problem:

"An Indiana supermarket operator nationally recognized for his advanced psychological techniques told me he once sold a half ton of cheese in a few hours, just by getting an enormous half-ton wheel of cheese and inviting customers to nibble slivers and cut off their own chunks for purchase. They could have their chunk free if they could guess its weight within an ounce. The mere massiveness of the cheese, he believes, was a powerful influence in making the sales . . .

"Supermarket operators are pretty well agreed that men are easy marks for all sorts

of impulse items and cite cases they've seen of husbands who are sent to the store for a loaf of bread and depart with both their arms loaded with their favorite snack items. Shrewd operators have put the superior impulsiveness of little children to work in promoting sales. The Indiana supermarket operator I mentioned has a dozen little wire carts that small children can push about the store while their mothers are shopping with big carts. People think these tiny carts are very cute; and the operator thinks they are very profitable. The small children go zipping up and down the aisles imitating their mothers in impulse buying, only more so. They reach out, hypnotically I assume, and grab boxes of cookies, candies, dog food, and everything else that delights or interests them. Complications arise, of course, when mother and child come out of their trances and together reach the check-out counter. The store operator related thus what happens: 'There is usually a wrangle when the mother sees all the things the child has in his basket and she tries to make him take the stuff back. The child will take back items he doesn't particularly care about such as coffee but will usually bawl and kick before surrendering cookies, candy, ice cream, or soft drinks, so they usually stay for the family.'"

Plans for organization campaigns have been announced with a fanfare of publicity that has become so characteristic of the firm believers in the free-enterprise system. First it was "Operation Dixie" — a campaign to organize the South. Next came plans for a campaign to organize the white-collar workers. Both died a-borning. Not even a whisper can now be heard about such ventures.

Meanwhile the South remains a haven for the open shop and run-away plans. Enactment of "right to work" laws has proceeded virtually unchallenged. And the more intense exploitation of workers under open-shop conditions in the South, reinforced by these vicious laws, presents a constantly greater threat to the labor movement everywhere.

Among white-collar workers about 84% are still not in the unions, leaving a potential reservoir for organization of thirteen to fourteen million workers. Any economically peculiar position that white-collar people may think they occupy, says C. Wright Mills, is now practically a thing of

the past: "All the factors of their status position, which have enabled white-collar workers to set themselves apart from wage-workers, are now subject to definite decline. Increased rationalization is lowering the skill levels and making their work more and more factory-like." (*White Collar*, p. 297)

But unorganized white-collar workers have no power of collective bargaining. This deficiency has not been without effect on their economic status, especially during recent decades. The income level of the great mass of office workers and sales people has tended to decline relative to that of organized industrial workers. All these factors should indicate that conditions in this field cry out for organization.

Myth of the Well-Paid Worker

Against their failure of organizational expansion, it may seem from superficial observation that the unions have at least managed to uphold the wage level pretty well. But this is more appearance than reality. Wages have not kept pace with the rising cost of living; and wages al-

ways tend to lag behind output and profits. The U.S. Bureau of Labor Statistics calculates that as of April 1958 a city worker with a wife and two children (the average American family) needed a minimum income of \$90 a week for a "modest but adequate" standard of living. But the average weekly wage in manufacturing, after taxes, reported by the Department of Labor for June 1958 was \$75.55. The average factory worker's family thus falls nearly \$15 short every week of a "modest but adequate" standard of living.

Some startling comparisons between wages and profits have been presented by Leon Keyserling. He says that during the period 1953-57 total dividend payments increased 80% faster than total wages and salaries, and personal interest income about 110% faster. Comparing the first three quarters of 1957 with the like period of 1956, Keyserling finds that profits of the large automobile and steel corporations increased three times faster than wage rates in these industries.

Questions such as these become particularly pertinent in view of the growing employer resistance to wage increases, a resistance that is motivated entirely by the urge to maintain swollen profits, in callous disregard of the continually rising cost of living. Moreover, the hands of the employers are immensely strengthened and the unions are correspondingly weakened by the mounting anti-labor legislation, by Labor Board rulings increasingly hostile to labor and last, but not least, by the public scandalization of the unions before the McClellan Committee.

It is therefore not surprising that resistance to wage increases, and resistance to union organization, finds the corporations and the employers organizations more united than has been the case in the past: Witness the solid front presented by the Big Three in the automobile industry against the UAW. Who can deny that their ruthless abrogation of all former contract provisions has struck a formidable blow at the union? At the moment the trucking concerns in the eleven Western States are attempting, by united action, to enforce a total lockout of all union truck

drivers. Its effects were felt immediately, idling workers far beyond these states and beyond the trucking industry. These are danger signals for labor.

The Legislative Assault

What Trotsky pointed out in his penetrating study, *Trade Unions in the Epoch of Imperialist Decay*, is now very much apropos. "Monopoly capitalism does not rest on competition and free private initiative but on centralized command. The capitalist cliques at the head of mighty trusts, syndicates, banking consortiums, etc., view economic life from the very same heights as does state power; and they require at every step the collaboration of the latter. In their turn the trade unions in the most important branches of industry find themselves deprived of the possibility of profiting by the competition between the different enterprises. They have to confront a centralized adversary, intimately bound up with the state power."

This is evidenced on every hand. "Right to work" laws already enacted in eighteen states are now up for referendum vote next November in six additional states, including California and Ohio. Needless to mention, these initiatives are actively supported everywhere by the National Association of Manufacturers, with which Meany expressed identity of views and objectives; they are supported by Chambers of Commerce, banks and utility companies.

The relatively moderate Kennedy-Ives bill of regulatory union control seems sure to be shelved for this session of Congress. The reason is, however, that Big Business made its opposition clear and demanded a more definitely anti-labor bill, with teeth in it.

Meany and company, acting on behalf of the AFL-CIO hierarchy, supported the passage of this bill. With their craving for bourgeois respectability, they are ready to submit to further government regulation of the unions. That is, regulation by the government which they themselves have at times been compelled to accuse of favoritism to Big Business. This is the same government that they charged with failure to live

up to its responsibilities concerning the present recession. It is the government that wields the club of the Taft-Hartley Act. This executive of the whole capitalist class is also the promoter of imperialist ventures so repugnant to the common people everywhere; ventures that are too often fraught with dangers of atomic annihilation.

What we witness now is the culmination of a decade of retreat and surrender by the present labor leadership. Since the enactment of the Taft-Hartley Act a whole series of blows have rained down on the unions. And, from their erstwhile demand for repeal, the AFL-CIO chiefs have come down to the level of lobbyists pleading for further union controls. Their constant retreat and surrender served to embolden the centralized capitalist adversary while simultaneously disorienting the workers. The adversary has made full use of the opportunity to unite his forces more firmly, while the labor chieftains have been preoccupied with the deepening and widening of the split in the so recently merged AFL-CIO.

However the trade-union movement did not arise to promote the "wonderful incentive" of the profit system but to fight it; to fight against its injustices, its inequality and its abuses. The trade-union movement is a living organism, subject to change under the influence of changing conditions, under the influence of pressure from the class struggle.

The trade-union movement possesses its own internal dynamic which, though long dormant, will most assuredly be again manifest in new vitality and militancy. Its present equilibrium, held together by a heavily bureaucratized superstructure, lacks a stable foundation. This equilibrium may well be upset by the open and brazen utilization of repressive state powers by the centralized capitalist adversary.

For the trade-union movement, one choice may then hold out the greatest hope for restoring its position as a serious and mighty social force — entry onto the road of independent political action in the interest of all those who toil.

August 1958

The Soviet Bid for World Trade

Conflicting hopes and fears have been aroused in other countries by the increased exports from the Soviet bloc. What is the real perspective?

by Tom Kemp

RECENT spectacular evidence of the technological prowess of the USSR has made the capitalist world increasingly conscious of the economic challenge from that quarter. Serious attention has been paid to Khrushchev's reiterated boasts of the ability of the Soviet Union to catch up with and outstrip the advanced capitalist countries economically. But while that is a matter for the next few decades, the increasing activities of the USSR, and the other countries in its bloc, in the sphere of international trade and, more recently, as a source of aid for former colonial and "backward" countries, in direct competition with the USA and the advanced countries, has raised the prospect of a new and even sharper immediate challenge.

It is true that not only Soviet propagandists, but also those Americans concerned with impressing Congress and public opinion with the need to step up military spending and foreign aid, have an interest in exaggerating the volume of this Russian aid. Even when allowance has been made for this, there can be no doubt that the Soviet bloc countries are now pressing into the capitalist world market to an extent which was impossible only a few years ago; moreover there are considerable potentialities for this to go much further in coming years. A new, and it must be admitted, incalculable factor is being injected into the political, as well as economic, world relationship of forces. Despite defi-

ciencies and contradictions in the available evidence it is advisable to summarize these new trends and estimate their significance for the future.

The Background

As a preliminary, the past relationship of the USSR with the capitalist world market needs to be sketched in.¹ Lack of exportable surpluses, the hostility of the outside world and to no small degree deliberate policy had, by the 1930's, reduced the foreign trade of the USSR considerably below that of Czarist Russia. During the Five Year plans, especially the first, the direct impact was felt of conditions in the world market. An indispensable minimum of imports had to be obtained from the capitalist countries, especially of machinery to be paid for with agricultural products. The collapse of prices during the depression, and, consequently, the deterioration of Russia's "net barter" terms of trade, had a markedly unfavorable effect on the plan.²

The policy of building "socialism

1. For more extensive background see M. Dobb, *Soviet Economic Development*; A. Baykov, *Soviet Foreign Trade*; H. Schwartz, *Russia's Soviet Economy*. Postwar developments are well covered in the publications of the United Nations, especially the annual *World Economic Survey*, the *Economic Survey of Europe* and the quarterly *Economic Bulletin for Europe*. For developments up to 1950 see *Soviet Development Bulletin* (University of Birmingham) No. 5, March 1951, and other bulletins in the series.

The statistical "thaw" in the USSR has made available fuller information about external trade—hitherto covered by a thick security blanket. The Economic Committee for Europe had frequent cause to complain of this; c.f., their *Survey of Europe, 1956*. While welcoming the new data in the *Survey of Europe, 1957*, they point out that statistics are still inadequate as regards geographical and commodity patterns and for making a full appraisal of the significance of foreign trade in the economies of the USSR and East Europe.

2. See, for example, Dobb, *op. cit.*, p. 238 and note 2 "Such foreign credits as the country was able to obtain in those years were used up in offsetting the unfavourable movement in the net terms of trade."

in one country," apart from its political aspect, meant a degree of self-exclusion from the world market which could only increase the burden of heavy investment required by industrialization under pressure. Not that the USSR could be completely self-sufficient—certain raw materials, machine tools and manufactured goods could only be obtained in the course of trade. Indeed, when the normal channels were interrupted by the outbreak of war in the West in 1939 it was indispensable to rush through trade deals with countries which were still accessible.

Then, after 1941, the economic contact, with the capitalist world greatly increased, primarily because of the need for strategic commodities and armaments. This took the form of a large import surplus covered by the Lease Lend agreements with the USA, Britain and Canada. No doubt in the short-lived false dawn of the Teheran and Yalta conferences closer economic ties with the Western countries were expected.

However, the extension of the Soviet sphere in Eastern Europe, the Marshall Plan and the "cold war," culminating in the Korean affair, resulted in the East-West exchanges being greatly reduced. The USA sought to deprive the USSR, and later China, of strategic materials and imposed this policy on her clients in the Marshall Plan itself in 1948. The Labour government in Britain imposed its own ban in 1949. In the course of the next few years these restrictions were made more detailed and were reinforced by the passage of the Battle Act in the USA in 1951. In addition an embargo was imposed

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upon trade with China through a resolution of the United Nations.

From the Soviet side a theoretical consecration of the reduction in trade was given by Stalin in his last work, **Economic Problems of Socialism**, in which he spoke of "two parallel world markets." He claimed that this outcome represented an aspect of "the general crisis of the world capitalist system"; with the "socialist camp," as a result of its fast rate of industrial development, moving to a position where its members will "not only be in no need of imports from capitalist countries, but will themselves feel the necessity of finding an outside market for their surplus products."³

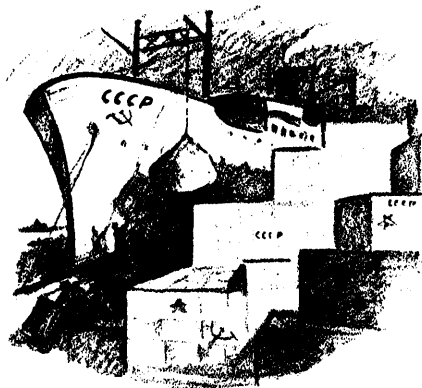
Not long before in the same year, 1952, an International Economic Conference was held in Moscow as a climax to a great campaign to break through the trade embargo and increase the volume of exchanges with the capitalist countries. In terms of its effects on trade, this piece of junketing was a failure, though it no doubt scored some propaganda points. On the basis of Stalin's pronouncements the persistent demands for East-West trade voiced by the Communist parties in the capitalist countries appear contradictory — unless it was to provide a market for those "surplus products" of which Stalin spoke. It was more likely that Stalin was rationalizing a situation which was far from being to the advantage of the USSR and that the trade embargoes were having adverse effects not only on the Eastern European countries — cut off from their traditional markets — but on the USSR itself.⁴

Looked at from the technical stand-

3. J. Stalin, **Economic Problems of Socialism**. Stalin also indicated that this would mean "that the sphere of exploitation of the world's resources by the major capitalist countries (U.S.A., Britain, France) will not expand, but contract; that their opportunities for sale in the world market will deteriorate, and that their industries will be operating more and more below capacity." Thus it was inferred that Stalin's theory "regarding the relative stability of markets in the period of the general crisis of capitalism" and Lenin's "that in spite of the decay of capitalism, 'on the whole, capitalism is growing far more rapidly than before,'" were both now valid. See pp. 34-7.

4. There have been many discussions about this from the Communist party standpoint in the past decade or so. For an early example, see A. Rothstein, "Economic Relationships Between the Two Worlds" in **The Modern Quarterly**, No. 4, 1951. His conclusion was that it was time to normalize trade relations and that this should be "the particular duty of all those engaged in trade, industry and economic studies — whatever their political standpoint — who are concerned for the welfare of their respective countries." This in the leading "Marxist" theoretical journal in Britain.

point of, say, the economists of the Economic Committee for Europe at Geneva, the price that was being paid by both sides for the artificial division of the old continent was harmful and unnecessary.⁵ It was not difficult



to point out that the abnormal reduction in the volume of exchanges did nobody any good, and that complementary economies were being kept apart at great cost. In practice, however, no iron curtain divides politics and economics. There were, of course, politicians and businessmen in the West who would have liked to see a greater volume of East-West trade, which could have eased the balance of payments difficulties of the Western countries and provided a way out of economic, political and military dependence on the USA. However, in the main, and no doubt correctly, the West European bourgeoisie estimated that its survival was linked with the USA, as the dominant segment of the capitalist world system. The costs and risks of the "cold war"—with American support—were preferred to the problematic advantages of "peaceful coexistence"; that is, maintenance of the **status quo** in face of gathering revolutionary processes which Western imperialism felt must be rolled back if capitalism were to avoid extinction. Of course, the nature of the problem changed with the develop-

5. In the section devoted to East-West economic relations in the **Economic Survey of Europe Since the War (1952)**, the Economic Commission for Europe deplored the keeping apart of "two areas with highly complementary production structures." It went on to say that "the economic effects of this split are profound, as witnessed by western Europe's difficulties in financing food imports from overseas, and in the strains involved in eastern industrialisation under conditions of low imports of commodities (not to speak of capital) from outside the area. The economic loss arising from this political split does not lend itself to measurement." (p. 215) In purely "economic" terms the ECE was right — but to sever the economic from the "political" and regard the latter as opposing an artificial barrier to the first was to misunderstand the whole nature of the problem.

ment of the world situation. By the mid-1950's, if not earlier, among the allies of the USA there was growing dissatisfaction with the trade restrictions.

East-West trade, as such, offered no panacea for an evil which was rooted historically in the dire problems of an outworn social system on the one hand and the contradictions of bureaucratically degenerated, or deformed, regimes on a progressive base on the other. Although the prosperity of the capitalist world in this period made the problem less serious, the latent trade war breaking into the open became increasingly burdensome to both sides — the demands of the world market were reasserting themselves.

Not only, as Stalin had foreseen, did the Eastern bloc have export surpluses, but it also needed goods from the rest of the world in increasing volume to carry through its industrial plans and meet the demands of consumers for a greater choice and variety of goods. At the same time, the world political situation offered possibilities of strengthening relationships with the "uncommitted countries," such as India, Burma and Indonesia, through the offer of industrial, technical and military aid. On the side of the capitalist states, the passing up of lucrative trading possibilities became increasingly irksome, especially as the danger of imminent war receded and problems of overproduction and increased trade competition loomed ahead for certain industries.

"Peaceful Coexistence"

In the view of the Soviet leaders, "peaceful coexistence" presupposes increased trade between the "two world markets." Thus Mikoyan, at the Twentieth Congress of the Communist Party of the Soviet Union, brought out the doctrine of comparative costs to underline the point.⁶ No doubt such arguments express a sincere desire for a **modus vivendi** through the normalization of trading relations with the capitalist states.

6. "Lasting peaceful co-existence is inconceivable without trade, which provides a good basis for it even after the formation of two world markets." (Mikoyan's emphasis.) Trade would be "mutually beneficial" being "determined by the very necessity of the social division of labour, by the generally known fact that not all goods can be produced to the same advantage in all countries." **Soviet News Booklet**, No. 8, p. 11.

At the same time they express the fact that the USSR is not, and cannot be, isolated from the capitalist world market.

Since 1955, when summit talks took place in Geneva, trade between Eastern and Western European countries has been increasing. In 1956 it rose by 20% and a further rise occurred last year. But on both sides restrictions remain which are bound up with the political division of the world. In any event, the further industrialization of the USSR, and more particularly Eastern Europe, may have reduced the possibility of export from the area of the "traditional exports," mainly food and raw materials. Their demands upon the world market will likewise have been undergoing change. The simple complementarity of the two "halves" of Europe is no longer as plain. By this time more manufactured exports could figure in the trade of the East European countries; on the face of it they may penetrate more easily into the less developed countries outside the Soviet bloc rather than into Western Europe.

The goods which Western Europe has been sending East in greater quantities in recent years are "raw materials for capital goods industries" and "engineering products" — an index of the demands of industrializing countries. For example, the Soviet Union and Poland have, in recent years, placed important orders for complete industrial plants and power station equipment.⁷ On the other hand, it is well known that such countries also export complete plants or "aggregates," mostly to others in the bloc, but in some cases outside it. Thus specialization and the advantages of the international division of labor are asserting themselves once again, if at a higher level.

The end of the phase of apparently boundless prosperity in the capitalist countries reinforces the demand for a reappraisal of the possibilities

7. See *Economic Bulletin for Europe*, Vol. 9, No. 2, p. 47. "Press reports indicate substantial eastern European orders for western European machinery during the current year [1957]. Poland, for example, has ordered mining equipment and electrical equipment in several western European countries. . . . The Soviet Union is reported to have ordered several complete industrial plants from the United Kingdom, including one for the manufacture of rubber tires." Total exports of machinery from West to East totalled \$150 million in 1956, but this represented only 2.4% of total machinery exports. *Ibid.*, p. 46.

offered by these markets. In 1957 Britain decided to seek trade with China, despite the embargo, though still within the limits of the restrictions on strategic exports. Under conditions of a spreading trade crisis in the West there may well be a struggle for a place in these markets.⁸ While

You Can Say That Again

"Nobody in his right mind wants war. But it is questionable how many people in their right minds direct the world's destiny." — C. L. Sulzberger in the July 21 N. Y. Times.

these openings cannot avert a trade decline they can alleviate the position for those countries which are prepared to go along with the Soviet Union and her allies in other respects. A situation might, therefore, arise in which the USSR would be able to drive hard bargains because of the anxiety of the capitalist countries to find a market for their goods. On the other hand, the arrival on the world market of goods of which the USSR has an oversupply herself might aggravate the decline in prices of such products and worsen trading problems in the capitalist world. A recent example of this is the sale of aluminum, which has obliged Canadian producers to lower their prices.⁹

However, the role which foreign trade plays in the capitalist economies and those which are centrally planned is different in certain important respects. The capitalist countries, as well as having to provide themselves through foreign trade with commodi-

8. This was in Mikoyan's mind when, in referring to the Western embargo on trade to China, he said that this "could enable some of them [i.e., the Western countries] to avoid curtailing production during the period of inevitable crisis." On the other hand, Communist party demands for East-West trade are often couched in terms which suggest that it can provide a specific against unemployment. While to a limited extent this may be true, the market in the Eastern bloc could only provide an outlet for certain countries, or parts of industry in such countries. The basic problem of capitalist crisis still remains.

9. Aluminum sales were reported in *The Manchester Guardian*, March 31, 1958, with the comment: "The range and size of Russia's exports of primary materials is rapidly growing." It was suggested that in certain lines — raw materials, heavy industry — output had grown ahead of ability of user industries to absorb it. The changes in the composition of armaments was instanced as another factor. The article concluded: "We must expect growing Russian exports of raw materials and capital goods, if necessary, financed by loans, credits, and aid." Should this influx of raw materials reach sufficient dimensions it could have a serious effect on markets already suffering for some time from oversupply and falling prices; and the "underdeveloped countries" would be the first and worst affected in all probability.

ties which it is impossible or uneconomic for them to produce in their own territory, need markets to realize their goods at a profit. At the same time, because of the anarchic nature of capitalist production relations, to continue to realize goods at a profit in the internal market may depend upon not merely maintaining but increasing the export market. For capitalist countries, "export or die" becomes an economic imperative in time of slump. While, as regards the USA, its disproportionate development in relation to the rest of the capitalist world market has produced unrealizable surpluses — in goods or productive capacity — and to sustain the level of profits and activity a permanent **unpaid** export surplus is necessary. Of course, the surpluses are disposed of in such a way as to serve the interests of American capitalism.

In the case of the USSR and similar planned economies, foreign trade is bound up with the plan itself. However, it does present some special problems. For example, since agricultural production varies with the harvests there may be years in which surpluses are available for export or when imports are required in order to meet a shortage in the harvest. For the rest, the endeavor will be made to regulate the volume of import-export flows in accordance with the requirements of the plan. Of course, plans may not be achieved, or they may be overfulfilled; but, once the plan is operating, changes in exports and/or imports will require reallocation of resources within the plan. This may limit the willingness of such countries to participate in multilateral trade in the world market. Generally, they will have a preference for bilateral agreements which determine in advance the amount and kind of goods to be exchanged — and for a capitalist economy it may be difficult for such an undertaking to be fulfilled.¹⁰

If some inflexibility in foreign trade arises from a plan, the plan does not dominate foreign trade to the extent it does internal economic developments. As one authority puts it: "If the State is master of all the economic levers of command inside

10. This point is made in virtually all studies of Russian foreign trade.

the USSR, the bodies concerned with external trade have, on the contrary, to take account of price and production movements, fluctuations in supply and demand, which occur independent of their will. Also, given the profound repercussions which, in certain circumstances, the non-fulfillment of the plan for foreign trade will have on the execution of the production plan, one reaches here one of the weakest points of all planning carried out on the scale of a single country, large as it may be."¹¹

Under planning, then, there are definite limitations to the scope for altering the volume of imports or exports in the short run — assuming that they first have to be paid for out of current (planned) production by the sale of goods at world market prices; while exports can only be increased at the expense of (planned) investment or consumption unless output has exceeded that planned. Failure to import on the scale planned or to sell what had been planned at favorable prices will affect the plan adversely. On the other hand, the necessary readjustments can be made under the control of the planning bodies. There is not the same drive to dispose of export surpluses at all costs, such as is found in the capitalist economies. It is, of course, fundamental that there should be a state monopoly of foreign trade.

What this very terse summary of a complex problem shows is (1) that the world market and the international division of labor impress themselves on a planned economy in one country; (2) that in the short run the foreign trade of such an economy cannot be varied entirely to order. It is true that increased imports can be paid for from reserves of gold and foreign exchange, or even from credits, while exports could be supplied on credit or made as grants, but, apart from overfulfillment of the plan in that line, only at the expense of domestic consumption and/or investment.

This implies that there are definite, and it may be, in the short run, quite narrow limits to the increase possible in East-West trade. Within these limits, however, trade and aid can be

consciously directed and employed with deliberation by the USSR and, to some extent by the East European countries, as a political weapon. Again its effectiveness will depend upon circumstances. The ability to turn trade on and off, to switch imports from one country to another and provide aid in the service of foreign policy has been demonstrated many times over the past decade or two. Thus the political significance of the purchase of part of the Egyptian cotton crop or even of the Icelandic trawler catch. Credits were withdrawn from Yugoslavia at the time of the break with the Cominform; new credits were extended after the reconciliation in 1955, and withheld as part of the virulent anti-Tito campaign in the summer of 1958. The entry of the USSR into the world economy on a growing scale as buyer, seller and creditor opens up ways of altering the political balance in her favor.

Even with the growth in trade between East and West which has taken place in recent years it remains below the prewar level. It is still very small in relation to the total trade of Western Europe. Thus imports from East Europe and the USSR were 8.4% of the total in 1937; in 1956 they were only 3%. Exports at 6.8% in 1937 were down to 3.5% in 1956. The only countries whose trade with the Eastern European countries exceeded 15% of the total were Iceland, Finland, Yugoslavia and Turkey — geography, rather than politics, played a major role here.¹²

As far as the Soviet Union is concerned it seems probable that means of payment are no problem when goods are urgently required — gold, foreign exchange, arms, or whatever it may be, are made available. Use is

made of multilateral payments; for example, earnings in sterling from the sale of goods to the United Kingdom may be used for the purchase of raw materials from the Sterling Area. Since the absolute volume of the exchanges with the Western countries is still so low, it seems likely that they would have to increase many times over before means of payment became a real problem. Political factors at present play the main role. This seems to have been the case, for instance, with the large "shopping list" publicized at the time of the Bulganin-Khrushchev visit to Britain. Only a fraction has been bought, even though much of it was not covered by the embargo on strategic goods.¹³

For the other East European countries the political obstacles are even more apparent. Their desire to sell in the West — their main prewar market — is no doubt still important and they would be only too happy to follow Poland in obtaining credits from the same sources, although they may not like to say so openly, since imports could ease internal economic strains. It is difficult to see any possibility of closer economic interpenetration on the basis of "peaceful coexistence." Indeed, the development of the European Common Market, so far as it succeeds, will probably constitute an obstacle to re-establishing trade links between East and West.¹⁴

Recent Appeals

Notable efforts have been made lately by the USSR to develop a larger volume of East-West exchanges. American newspapermen, economists and finally the President himself have been appealed to with arguments of mutual interest. Thus the Soviet economist, Aboltin, in a

12. *Economic Bulletin for Europe*, Vol. 9, No. 2, Table 3, p. 37. Other points to note: "The share of western Europe in total eastern European trade increased from only a little over 15% in 1952 to almost 19% in 1956." (p. 36.) In the world context, the *World Economic Survey*, 1956, reported: "Although in 1956 the value of trade of the centrally planned economies with the rest of the world reached an all time high of more than 5 billion dollars, it still accounted for less than 3% of world trade . . . The trade of mainland China with countries outside the centrally planned group rose by more than one-third, and that of the Soviet Union by nearly 30%. The trade of other eastern European countries with the rest of the world rose by only 15%." The increase in the share of Western trading regions with the Soviet Union and Eastern Europe, in the *Economic Survey of Europe*, 1956, was stated as "probably to be explained largely as a result of special difficulties in trade between east European countries and the Soviet Union." (p. 17.)

13. According to *The Financial Times*, March 25, 1958, "only a trickle" of these orders have been received, although a billion pounds sterling was spoken of at the time of the Bulganin-Khrushchev visit.

14. This is put as follows in the *Economic Survey of Europe*, 1956: "One effect of the Free Trade Area rules will be to make it more difficult for west European countries to enter into trade agreements with the countries of eastern Europe and the Soviet Union which involve any discrimination in favour of imports from these countries as compared with imports from other members of the area." As Soviet trade is carried on through bilateral agreements, the FTA would cut at the root of East-West trade bargains. No doubt this will not at all disturb the initiators of the BCM and FTA. It may lead, however, as the Economic Commission suggests to an intensified trade drive by the eastern European countries in other areas.

11. C. Bettelheim, *L'Economie Soviétique*, p. 322.

special communication to the American Economic Association, indicated that the "socialist" countries "offered a stable market not subject to cyclical changes." Attuned to the current recession, he made the point which is a frequent standby of Soviet propaganda; that is, that "In case of an economic crisis the guaranteed stable market provided by the countries of the socialist system can substantially improve the lot of the working class and the peasantry and also alleviate the difficulties of industrialists hit by the crisis."¹⁵ Khrushchev made a similar point in his letter to Eisenhower of June 2, 1958. The substantial purchases from the USA which he contemplated "would enable American industries to work at a higher percentage of their capacity and would raise the level of employment."¹⁶

It can hardly be assumed, however, that Khrushchev and his academic cohorts are only thinking of the welfare of the working class, or of industrialists, in the capitalist countries. Khrushchev is capable of speaking for hours about the future, with its competition between socialism and capitalism, without referring at all to the role of the working class in the advanced countries. Nor should the contradiction in the idea of the Soviet Union offering itself to capitalism as a life line in a period of crisis have escaped his academicians. Indeed, the goods which are obtained by trade still have to be realized in the internal market. How can that be accomplished when such commodities are glutting the market owing to depression?

Everyone knows that Khrushchev acts quite empirically, and speaks as he acts — by definition, as it were, he cannot be a "revisionist." In the letter to Eisenhower the motives of the East-West trade campaign, from the Soviet side, seem quite transparently revealed. If the grandiose 15-20 year plans upon which Khrushchev is staking his reputation are to be realized, tremendous additional investment will be needed — he loses no occasion, for example, to stress "the paramount task of developing heavy industry." However, the lags

15. Aboltin, in the *American Economic Review*, May 1953, p. 388.

16. *Soviet News* (London), No. 3852.

and disproportions in Soviet economy, for all the rapid expansion of recent years — and in part because of it — are manifest. There is, therefore, an imperative necessity to alleviate the strains, as far as possible, and to increase the flow of goods on to the market without prejudicing the fulfillment of the plans.

Here foreign trade can play an important role. Especially when there is a desire to "catch up" in fields where the Soviet Union is especially backward. If finished goods can be obtained in such fields, considerable investment can be avoided and valuable time bought. This is especially true in relation to plastics and chemicals — in which serious lags behind developments in the advanced capitalist countries exist. Although Khrushchev says: "The Soviet Union has every opportunity, and all the necessary resources, for successfully fulfilling the programme,"¹⁷ he goes on straight away to admit, in effect, that this is only so in the long run. Meanwhile he proposes a long list of machinery which the USSR would like to buy in the USA at once, offering in exchange, it may be said, the raw materials which typically figure in the export lists of a less developed country.

The attractive prospect held out to capitalism of alleviating crisis by trade with the Soviet Union disguises Khrushchev's purpose of diminishing the strains of the present phase in Soviet economic development. This recognition is not, of course, an argument against East-West trade. But it does stand in contrast to some of the official boasts or claims that the Soviet Union has broken away from the capitalist world market, built "socialism in one country," and so on.

The Economic Committee for Europe falls into such a mistake when it says: "The costs of autarchy are by now probably insignificant for the Soviet Union . . ." and draws a contrast between its situation and that of the smaller countries of Eastern Europe.¹⁸ The statement is valid only in the most abstract way; i.e., in the light of the mass and variety of Soviet natural resources. In terms of the real world it is meaningless.

17. *Ibid.*

18. *Economic Survey of Europe*, 1957, Chapt. VI, p. 30.

For one thing the USSR is closely tied up with the other countries in the bloc, and through them with the world market. And more directly, as has been seen, not only the political but also the purely economic costs of autarchy are far too high for Khrushchev to be able to meet. His efforts to secure a larger place in the capitalist world market give the lie, too, to Stalin's pretensions regarding the parallel world market.

The "Second" World Market

The economic relations of the USSR with the "peoples democracies" have shown many contradictions over the past decade. Most of these countries were economically backward; the first task, after the reconstruction phase in the early postwar years, was industrialization. At the same time, the economic links of these countries had formerly been predominantly with the Western European area. Under the new conditions, however, the leading trading role was played by the USSR both as an exporter and an importer. In addition, some of these countries were obliged to pay reparations to the USSR.¹⁹

What was most remarkable was the limited nature of the progress achieved in coordinating the economies of these countries, although they were all, after 1948, organized on a planned basis under the control of Communist parties. The Council of Economic Mutual Aid (CEMA), set up in 1949 as a counter to the Marshall Plan (which some of the East European countries might have sought to join but for Soviet opposition), did little more than facilitate agreements for trade and industrial and technical assistance between pairs of countries.²⁰ There were innumerable bilateral bargains amounting to barter deals — nothing as flexible as the multilateral clearings

19. See, for example, the study by a critic, N. Spulber, in *The Economics of Communist Eastern Europe*, which is useful for data.

20. V. Kaigl, "Fraternal Collaboration and the International Division of Labour within the World Socialist Camp," originally appearing in *Voprosy Ekonomiki*, French translation in *Problèmes Economiques*, No. 532, March 11, 1958. He describes the errors and limitations of this cooperation which, according to him, was leading, until 1953, to "autarchy and economic isolation." He points out that successful industrialization requires "the largest possible development of the international division of labour within the socialist camp," etc.

possible between the Western countries in the European Payments Union (EPU).²¹

At the same time, within these countries, all of which were small, and all except East Germany and Czechoslovakia backward, the attempt was made, in a short space of time, to establish a rounded industrial structure with emphasis on heavy industry on the lines of the Five Year plans of the Soviet Union. This served to underline their dependence upon the USSR — especially for industrial raw materials such as iron ore — which also became a main outlet for their exports. There was, however, little specialization between the countries in the industrialization plans, apart from that which was obviously imposed by physical factors.

The upshot of the unimaginative following of the Soviet model was a sequence of strains and stresses, particularly marked from 1953 onwards and culminating in the Polish October and the Hungarian Revolution in 1956. These methods had been costly in popular good will as well as in resources. It was particularly obvious that there had been inadequate coordination of planning and trade, despite CEMA.

At its sixth session in December 1955, CEMA took steps to bring in a greater degree of division of labor as far as engineering products and fuels were concerned. Provision was also made for greater coordination in the separate national plans. However, it was not until the Warsaw meeting of CEMA, in July 1957, that proposals were put forward for long-term coordination of the national plans for ten or fifteen years. Permanent commissions were set up to consider the problems of particular industries and to secure a greater degree of cooperation in research and development. A multilateral clearing was also to be worked out for facilitating trade within the area. These belated projects, which are still in the formative stage, are a token of the previous lack of such coordination, of which there have been many com-

21. *The Statist*, January 25, 1958.

Congressmen at Work

The need for legislation to lower restrictions on trade with other capitalist countries has been urged by Eisenhower as "vital" to "free world" strength. That the message did not fall on unintelligent minds is illustrated by the record of Congress at its last session.

Exemption on duties was granted muzzle-loading pistols and revolvers, since these are "artistic antiques" and would have "no adverse effect on American employment."

Also duties on harpsichords and clavichords were lowered from forty to the eighteen per cent levied on pianos. The old rate, naturally, must be paid on instruments imported from Communist-controlled countries.

The legislators likewise did their duty by beating back an attempt to restrict imports of wood charcoal by charging a tariff of \$4

a ton, another attempt to bar imports of cobra snakes and eggs, and still another to regulate imports of piranha fish for tropical aquariums.

However, on the other side of the ledger, the congressmen killed a bill to give exemption to bagpipes, kilts and other items "particularly and specifically pertaining to Scottish Highland attire and use."

Similarly to be weighed against their achievements was rejection of a measure that would have ended import duties on "common horse, mule or ox shoes, of wrought iron or steel."

Finally, before adjourning, they refused to permit free import of Cheddar cheese for "the international Cheddar cheese scoring contest at Fond du Lac, Wis."

plaints in the East European countries in the last two years.²²

It has now become customary to castigate the mistakes of the earlier period and to accept the proposition that considerably greater advantage must be taken of the international division of labor. Of course, the advanced countries, Czechoslovakia and East Germany, in this area were particularly disadvantaged by the shrinkage of foreign markets as well as by the inadequate degree of division of labor within the bloc itself. Thus V. Kaigl, Director of the Economic Institute of the Academy of Science of Czechoslovakia, has stressed the elementary truth that in order to take advantage of the economies of large-scale production and automation the heavy fixed costs must be spread over a large volume of output.²³

For a country with a small home market and a high degree of specialization in manufacturing, like Czechoslovakia, that means fuller participation in external trade, "the need to intensify specialization and the co-ordination of production between all the countries of the socialist camp." It is true the Kaigl speaks only of the "socialist camp," but no doubt it would be greatly to the

22. Kaigl, *op. cit.* The July meeting was reported somewhat nonchalantly in the Communist party press considering the criticism it reflected of previous practice.

23. Kaigl, "Characteristics of the Building of Socialism in Czechoslovakia," in *Etudes Economiques* (published by the Economic Section of the Central Committee of the French Communist party).

advantage of Czechoslovakia to extend its market more broadly in other parts of the world, in the underdeveloped countries, for example, to which it could export machine tools and other products needed for developing industry.

The economic strains experienced by the countries in the Eastern European bloc has led to greater interest being taken in participation in the international division of labor. In order to determine the goods which it will be advantageous to trade with the rest of the world, however, more careful assessment will have to be made of relative costs of production.

According to a recent number of the **Economic Bulletin for Europe** it is anticipated that endeavors to take fuller advantage of the international division of labor will result "in some reversion to commodities traditionally exported to Western Europe which had been neglected in the past, and increased efforts may be made to push the production of those commodities among the new export items which appear to be competitive on western markets at prices more or less reflecting domestic production costs."²⁴ The same journal notes that Hungary, East Germany and Poland have "granted enterprises the right to conclude deals directly with foreign firms in some industries." An instance of such a deal is that between Poland and India in 1956,

24. *Economic Bulletin for Europe*, *op. cit.*, p. 47-8.

concerning state enterprises on both sides in which Polish steel and cement were exchanged for Indian iron ore.²⁵

Up to now, however, the East European countries have been highly dependent on the USSR. To a considerable extent Soviet trade took the form of an export of raw materials which later, in part, returned to the Soviet Union in finished form. But a good deal of the industrialization of the area was carried through with the help of machinery and even fully equipped plants from the Soviet Union. Continuing industrialization, especially because of the disproportions involved in the method by which it was undertaken, has increased dependence on the USSR. Meanwhile the flow of finished goods back to her market now constitutes an important addition to supplies for consumers increasingly insistent upon the availability of more and better quality goods.

No doubt these countries have been assets to the Soviet Union, at least until the last two years or so — she has been able to get the better of trading bargains. Since no balance of payments figures are published and such items as military aid are unknown it would be an impossible task to draw up a balance sheet. Even hostile critics now admit that the current net balance is flowing the other way.²⁶ Hungary has become a heavy liability. Considerable aid and concessions have had to be made to Gomulka's Poland and, in a lesser degree, to East Germany and Albania.²⁷

China Needs Aid

The victory of the Chinese Communists and the need to carry forward the economic development of a backward Asiatic country of 600,000,000 people simultaneously raised new and immense problems. The major part of the capital for invest-

25. *Economic Survey of Asia and the Far East* for 1956, p. 32.

26. For example, see the very biased article by V. Winston in the U.S. Information Service's *Problems of Communism*, Jan.-Feb., 1958. According to Winston the Soviet economy will, for the future, have to bear "the added burden of supporting a weakened satellite system" which will constitute "a significant irritant and strain."

27. For aid to Hungary see *Economie et Politique*, July 1957, p. 84-92; for Poland, *Economic Bulletin for Europe*, Vol. 9, No. 1.

ment in Chinese industrialization had to come from domestic resources. But outside assistance was imperative and, with the hostility of the capitalist world, it could only come from the USSR and Eastern Europe — themselves by no means endowed with a surplus of capital in this period.

Although a great deal of equipment for industries and collective farms was received from these countries, this aid was offset to some extent by that which China had to grant to North Korea and Viet Nam. The Chinese economy was under considerable pressure to export, and still is, in order to expand trade with its trading partners in Eastern Europe or anywhere else so far as trade restrictions allow. The economic problems of China have not been unlike those of the East European countries in recent years. The Soviet Union has taken the place of the rest of the world as a trading partner — accounting for about 80% of Chinese trade in 1954. Several loans have been obtained from the USSR, to be paid off in agricultural and mineral products and handicraft goods.

Still capital is short and some raw materials have to be bought abroad. This imposes a strain on agriculture, which is the main sector from which exports can be derived. While agricultural production increases too slowly, domestic consumption tends to rise; as a consequence, "planned targets for export often have to be lowered because of increased domestic demand."²⁸ There is no doubt that the trade embargo imposed by the United States has, as was intended, increased the strain of industrialization.²⁹ Or putting it another way, if

28. See the *Economic Survey of Asia and the Far East*, 1956, for a short study of recent trends in Chinese foreign trade. The share of Eastern Europe and the Soviet Union in Chinese trade rose from 23.4% in 1950 to about 80% in 1954. The USSR has supplied numerous industrial plants and equipment for state farms on long-term loans. Detailed figures of Chinese trade are not available.

The *Economic Bulletin for Asia and the Far East*, reported that the volume of Chinese trade was expected to fall in 1957 owing to a cut in food exports.

29. By 1957 the embargo on trade with China was becoming increasingly irksome to Western countries. Thus Britain placed her trade with China on the same basis as that with the rest of the Soviet orbit. (The embargo remains on "strategic exports.") A Commercial and Technical Mission from China visited Britain in the winter of 1957. (See *Board of Trade Journal*, March 7, 1958.) It was reported to be willing to purchase some £700,000 of textile machinery. But the *Board of Trade Journal* also noted: "Most firms reported that a serious impediment to

China could have participated more freely in the world market her economic development would have been smoother.

Whether in its European or Asian segments the so-called "parallel world market" has been inherently incapable of compensating for lack of fuller participation in the world market. Indeed, the fullest possibilities of international division of labor within this market have not been seized as they could have been. In large part because of the nature of the economies which compose it, the volume of their exchanges is very much smaller than those in the rest of the world. The raising of income levels within it both depends upon, and will make necessary, increasing specialization and exchange — thus does the world market impose itself.

Soviet Prestige

In the last decade or so the attractive power of Soviet central planning has been particularly marked in those countries which, having recently acquired political independence, have been seeking to carry forward policies of economic development. Even where this influence has not taken the form of the emergence of an influential Communist party, it has, nonetheless, been evident in the prestige of the USSR and the interest taken in its economic achievements. Indeed, the experience of the USSR is directly relevant to countries faced by the need to embark upon heavy investment programs in order to raise future income levels. The remarkable economic development in Soviet Central Asia, for example, cannot fail to impress when compared with the continued stagnation or sluggish growth of similar areas.³⁰

Further, the existence of a non-capitalist group of powers provides the ruling groups in the newly eman-

their prospects of expanding their trade with China was the continuance of the strategic embargo, and it was instructive to note in this connection that a very wide range of the products in which the Mission was most interested were embargoed goods." There seems little doubt that it is only in deference to the U.S. State Department that these restrictions are maintained. Without restrictions it is doubtful whether China could afford to buy "strategic" commodities in sufficient quantities to have any real strategic significance.

30. See, for example, the article in *The Economic Bulletin for Europe*, Vol. 9, No. 1, on Soviet Central Asia, which gives a balanced picture of what has been accomplished, what remains to be done and the deficiencies which have persisted.

cipated countries with valuable possibilities of maneuver and of leaning upon the Soviet Union in order to counter the influence of imperialism.³¹ Until the last few years, however, although the USSR might proffer counsel and facilitate cultural exchanges and the like it could hold out little in the way of material assistance to compare with the flow of U.S. dollars. But this pattern is changing. To a certain extent, and in growing measure, the countries of Asia today, perhaps those of Africa tomorrow, can turn to the USSR for technical and financial assistance, thereby reducing their dependence on the capitalist countries and contributing to the rounding out of their new-won status.

As already pointed out, there is a double possibility of propaganda exaggeration in the extent of the aid so far given. On the other hand some capitalist critics have been busy deflating these exaggerations to something like their true dimensions.

Of the total of \$1,900,000,000, for total Soviet aid to "uncommitted" countries since 1955 publicized by the State Department, one-quarter went to Yugoslavia, one-quarter in arms to Egypt, Syria and Afghanistan, and, according to *The Economist*, of the remainder, "only a fraction has actually reached the recipients."³² There are, of course, sour grapes in this writing down of a new threat to world capitalism which actually cannot but give grave concern both in the USA and in Britain. Indeed the increasing attention it receives in the press is an index of mounting anxiety. After all, the arms shipments to

Egypt were a thorn in the side of the imperialists; nor can the more recent aid to Indonesia, relatively small as it is, be brushed off so easily.³³ Since the credits so far granted are for a period of years, the whole sum has not yet actually been received in goods; but it will be — and there will be more to follow. The significant thing is that a beginning has been made.

However, when all has been said and done, both aid and trade are, so far, on a relatively small scale. Future aid depends upon the ability of the Soviet economy; and also upon the health of the East European countries and China, which will undoubtedly have prior call on available resources.

What are the prospects here? Clearly, continued rapid growth on the scale necessary to fulfill Khrushchev's promises will require considerable new capital investment in the USSR. Some sectors of the economy, in particular, will require either expansion or a greater effort at re-equipment. Certain geographical areas, including Central Asia, lag behind in income levels and still need much new investment if they are to be brought up to the level of the more advanced regions. Agriculture, transport and power, for example, all need huge new investments of capital if per capita income is to be brought up to West European levels. Likewise, in Eastern Europe, further Soviet aid may be needed in order to bolster the economy. As for China, there will, for many years to come, be an inexhaustible demand for capital.

Great demands are therefore likely to be made on Soviet productive capacity in the coming period, so great that a tremendous outflow of aid to "uncommitted" areas is unlikely. On the other hand, there will undoubtedly be "surpluses," both of raw materials and of capital goods, as capacity expands, which it will be in the interests of the Soviet Union to exchange on the world market or to deploy in aid in accordance with international political needs. Indeed,

33. Recent Soviet sales to the Indonesian government include ships and aircraft, the latter for use against the rebels. The State Department meanwhile affirms that it will not sell arms to the Indonesian government and appears to be supporting, at least morally, the reactionary military rebellion.

it may, in the interest of external security, be worthwhile, or necessary, to supply these goods on long credit terms to underdeveloped countries. On the other hand, taking Khrushchev's protestations of "peaceful coexistence" at their face value, the Western countries may propose, as *The Economist* suggests, Soviet participation in a United Nations program of aid to the underdeveloped countries.

Trade, as distinct from aid, between the USSR and Eastern Europe and the other continents, also remains of comparative insignificance. Thus a United Nations report states, "Even after the increases in recent years, trade with overseas areas is still of relatively small importance in the foreign trade of East European countries. In 1956 it probably accounted for some 6-8% of their total foreign trade and some 30% of their trade with the Western trading region." Similarly, "For the overseas trade-partners the relative importance of the trade is even smaller and rarely amounts to more than 3%"³⁴

Trade with Latin America is small — since that area is under the dominance of the USA — so is that with Africa. Even in Asia and the Far East, where the prestige of the USSR is highest, trade is still small compared with that of the capitalist countries. Thus India's trade with the USSR and Eastern Europe is roughly only one-tenth that with the United Kingdom. The same is true of Indonesia, where trade with the USSR in the first six months of 1957 amounted to only £8,000,000 for imports and exports combined.

The Soviet impact on world trade, while growing, so far remains small. There is no special pressure to sell, though there is clearly an advantage in exchanging surpluses for goods which can contribute positively to internal economic development. But Soviet transactions — selling, buying or making credits — can be pursued with one eye on the political implications. The politically independent underdeveloped countries, seeking to extricate themselves from economic subservience or wishing to find a support in opposition to the im-

34. *Economic Survey of Europe, 1956*. About three-quarters of the foreign trade engaged in was between members of the "socialist camp."

31. Hence a note of anxiety in newspaper items. Thus in *The Times*, March 28, 1958, while recording that the USSR had made one hundred agreements with underdeveloped countries in 1957, the correspondent wrote, "It seems certain that the Soviet Government intends to win its competition with the free world in the fields of trade and aid in the uncommitted countries." While insisting that so far aid from the Western countries far exceeds that from the Soviet Union it was added ominously that "the pace is likely to get hotter."

32. "Escape from the Aid Maze," *The Economist*, March 1, 1958. There is some truth in the point made that "the Communist powers can reap a rich propaganda harvest even from their more hollow gestures." This was demonstrated at the Cairo Conference. *The Economist* does not, of course, understand why this is so. It arises essentially from the anti-imperialism of the former colonial or semi-colonial countries whose people hail with relief the prospect of what they view as disinterested assistance through which they can move towards economic emancipation. It is true that their hopes are exaggerated and there may also be truth in what this journal of the City writes — "that the novelty of Soviet aid is wearing off, and that the recipients are learning to scrutinise it more carefully."

perialist powers, turn increasingly to the USSR for economic aid. Political expediency, as well as the claims of economic advantage, will in fact largely determine the kind of bargains into which the USSR will enter. And in the existing political division of the world there is not the choice of abstaining. From this standpoint, too, the USSR finds itself inextricably involved in the world arena. In particular it cannot stand by and watch the "underdeveloped" countries swinging into the balance against the Soviet Union, behind the USA under the rule of American stooges.

Conclusions

This survey suggests that the economic impact of the "Eastern bloc" on the capitalist world market, while growing, is still modest. There appear to be distinct limitations to spectacular growth in the immediate future, though no doubt the trends of recent years towards a greater volume of exchanges will be continued.

The further growth of those economies will impose the need for greater specialization — both within the so-called "socialist camp" and between its component countries and others in the capitalist orbit. As pointed out, the Czechs, with their advanced industry and confined territory, are especially sensitive to this factor. But to a greater or lesser degree these needs are felt from China to Rumania.

Increasing contact with the world market will impose the need for greater flexibility and will reveal weaknesses — exposing bureaucratic mismanagement to the scrutiny of comparison. Indeed this has long been the case, especially with East Germany and Czechoslovakia. Thus the United Nations **Economic Bulletin for Europe** pointed out that in both these countries in 1957 "the relatively high rates of growth of over-all output which have so far been maintained conceal continuing failures to produce the assortment and quality of goods required and to reduce production costs according to plan. The familiar reports of failure to meet export contracts continue in Eastern Germany, where the annual plan for export deliveries was fulfilled only

to the extent of 44% in the first 8 months of this year [1957]." In Czechoslovakia "equally familiar complaints persist — of failure to deliver machines and equipment of required type and quality, both to domestic users and to export, and of shortfalls in planned supplies of rolled steel and other foundry products."³⁵

In the period of the first Five Year plans in the USSR, what impressed world opinion was not only the tempo of growth which was achieved but the coincidence of it with falling production, chronic depression and stagnation in the capitalist world. In assessing the full economic impact of the USSR in the coming period, therefore, it is not only its relations with other countries and the world market which will be significant. To a greater extent this will reside in the possibility of economic difficulties, stagnation or even decline in the capitalist world side by side with continued expansion in the centrally planned economies. Then, for example, the question of the influence which this will have, not only on the underdeveloped countries, but also on the working class of the advanced countries becomes of paramount importance.

The terms of the problems of East-West economic relationships are simplified and vulgarized in the current propaganda of the Soviet leadership and its faithful echoes throughout the world. In fact, far from being straightforward, these relationships are shot through with all the contradictions which arise from the confrontation of the two systems resting on incompatible bases.

On the one hand both "camps" are part of a world market — which asserts itself upon all countries despite political barriers. Indeed, these two "camps" compete and conflict in and through this market—for example to win the allegiance of "uncommitted" countries—just as they carry on economic dealings which are mutually advantageous. But beyond this the development of the non-capitalist segment weakens permanently and progressively the economic and political hold of the capitalist world system. It withdraws whole areas of

³⁵ *Economic Bulletin for Europe*, Vol. 9, No. 3, p. 15.

the world from imperialist exploitation. It provides a point of leverage which other peoples use to win or extend their freedom of action.

On the other hand, the weakening position of capitalism, which shows through despite the prosperous recent phase of its development, leads individual countries to look to their own possibilities of extending their market by trade with the Eastern bloc. This tendency has been more pronounced precisely since the boom has shown signs of flattening out and has even given place to the probability of recession on a world scale. Under these conditions it becomes more difficult for a common policy of trade embargoes and restrictions to be imposed at the command of the USA.

At the same time, the economic development of the Eastern European countries, the USSR and China proceeds amid disproportions, distortions and sudden turns. Their productive forces expand, but not smoothly and in a straight line. There are weak links, unsolved problems, and the overhead of the bureaucratic political regime. A prime need is that of increased coordination and specialization to smooth the process of industrialization and to satisfy the demands of consumers for more goods, greater variety and quality. The pressure towards fuller participation in the world market follows — but not on the lines indicated by the "peaceful coexistence" nostrum of maintenance of the *status quo*. The basic issue in the long run is: Will capitalism be able to continue to dominate the world market? This is already so apparent that even comparatively slight encroachments by the USSR cause alarm and speculation, especially where the "underdeveloped" countries are concerned.

The working out of the issues discussed here will be inextricably involved with all those political and economic forces determining the fate of mankind in coming years. No tidy set of slogans can provide an answer; but in elaborating policy for the working-class movement careful note must obviously be taken of all the trends and possibilities, of which some indication has been given, in order to utilize them to the best advantage.

Daumier—Political Artist

Imprisoned for his radical views, his caricatures delighted millions a century ago. Today he is held to be the originator of modern political cartooning

by George Lavan

THIS year marks the one-hundred-and-fiftieth anniversary of the birth of the great French artist Honoré Daumier. Throughout the world museums and cultural publications have observed the occasion with special exhibits and articles. In Paris, the Bibliothèque Nationale assembled the most comprehensive Daumier exhibit in history.

Yet Daumier was not considered a legitimate artist by the tastemakers of his period, and his name could not even be found in the art histories for decades after his death. In 1878, the year before his death, a group of the blind old man's friends and admirers organized an exhibit of his works as a tribute and to relieve his desperate poverty. Though the chief sponsor was Victor Hugo, the exhibit was a dismal failure. Daumier's fate was to live and die appreciated as an artist only by a small group of literary men and artists.

Nevertheless, Daumier had a tremendous audience almost from the beginning of his career — the readers of the newspapers for which he worked. His popularity was uncontested, and he was appreciated — but as a political and social caricaturist.

This mass audience, overwhelmingly petty-bourgeois and proletarian, did not expect to find "art" outside its well-defined precincts. Nor did it presume to make its own judgments on such arcane matters. It either had none or accepted ready-made the pronouncements of the high priests of the art world.

While some of the high priests may have, in their unofficial capacities, also enjoyed Daumier's cartoons,

rarely if ever did they regard them through their art-examining spectacles. To them, art consisted of painting and sculpture. Newspaper lithographs simply were not within the official purview.

* * *

Honoré Victorin Daumier was born in Marseilles February 27, 1808. His father, Jean Baptiste, was an artisan — a glazier, who had his own shop. Honoré's mother was a poorly educated village woman. Jean Baptiste was not an ordinary glazier. He was self-educated, a thinker and poet. A product of the Enlightenment and Revolution, he was a passionate admirer of Jean Jacques Rousseau and Condillac; and for his verse he took as models the classic French tragedies of Racine and the Latin poetry of Vergil, which he knew in translation.

Even under Napoleon the revolutionary ideal of equality still influenced provincial intellectual circles. The Academy of Marseilles encouraged the literary endeavors of the workman-poet, which appeared in the local press, and finally honored him with membership. The older Daumier now made a literary career his sole aim. He wrote a five-act tragedy in Alexandrine meter about Philip II of Spain. It was generously applauded at its reading before the Academy of Marseilles. Intoxicated with this success, Jean Baptiste sold his modest shop and with his family set out for Paris, the literary capital.

It was hardly a favorable time in Paris for even the most talented of newcomers. This was 1814, the year of the Napoleonic *Götterdämmerung*. It had opened with the joint invasion

of France by all its enemies. The militarily brilliant, but politically hopeless, campaign of the Emperor had not prevented the taking of Paris. In quick succession came Napoleon's first abdication, exile to Elba, restoration of the Bourbons, to be followed in less than a year by the Hundred Days, Waterloo and the second return of the Bourbons.

Even when calm years finally came, the elder Daumier continued to meet rebuffs from theatrical producers and publishers. In the whole period he succeeded in getting but one volume of poetry published, probably at his own expense. Meanwhile his family suffered great material hardship. After nine years the disheartened worker-poet gave up the unequal battle and took up his glazier's tools again, though still remaining in Paris.

Honoré had started to draw on his own at an early age and became increasingly infatuated with it. One can readily appreciate the father's alarm as he saw his son heading into — what must have seemed from his own bitter experience — a blind alley for people of their station in life. Drawing met parental discouragement and Honoré was apprenticed to a law-court usher with the perspective of rising to a modest but dependable position.

Though outwardly this law-court errand boy appeared no different from the others, he guarded within himself a great sensitivity and perception. He despised the work and the atmosphere. Here it was that he stored up those mental images and devastating knowledge of the chicanery, hypocrisy and pettiness of

judges, lawyers and other traffickers in "justice" which to this day is a most powerful commentary on bourgeois law.

His distaste for the apprenticeship was so great that his father secured him a position as a bookstore assistant. Though it was an improvement, young Honoré was still unhappy. He devoted every spare moment and scrap of paper to drawing. So stubborn was he that to settle the dispute his father finally called in a professional artist to render a verdict. Upon the judgment that the youngster had a real talent, the father gave in. Using connections from his literary days, he secured his son's admittance to the studio of an academicien named Lenoir, this being the way for one to study painting at that time.

Not much is known about Lenoir but it is not difficult to guess the reasons for Daumier's unhappiness in the studio and his final revolt from it. There then existed a dictatorial rule in the art world unequalled by anything in art history until the regimentation of art in the Soviet Union under Stalin.

The French Revolution had adopted neo-classicism as its art form. Themes from the Roman Republic of antiquity and classic simplicity of style had been the revolutionary answer to the decadent coquetry and eroticism of the rococo art of the *ancien régime*. The great master and pioneer of neo-classicism was Jacques Louis David whose early works, *Oath of the Horatii* and *Brutus Receiving the News of the Death of His Sons*, were linked to the popular agitation of the revolutionists. With the triumph of the Revolution, David became its official painter. He was elected to the National Assembly, reorganized the Academy and became the art arbiter. Though imprisoned during Thermidor for his connections with Robespierre, he made the required political transition. The artistic transition was not as demanding; instead of depicting revolutionary virtue through the themes and heroes of Republican Rome he depicted Napoleonic glory through the themes and trappings of Imperial Rome. Having rallied to Napoleon after the Return from Elba, David

was exiled by the Bourbons. But he continued to rule French art through his deputies — Baron Gros and Ingres — till his death in 1825 and then for almost the remainder of the nineteenth century through his ghostly domination of the Academy.

Artistically, as well as politically progressive in its early period, neo-classicism had declined to the meaningless sterility and self-imitation of the rococo it had displaced. Dutifully furnishing the public with paintings of "ennobling" subjects and idealized classical figures, the academicians served the French bourgeoisie as an esthetic police force, keeping canvases with subversive tendencies from the annual exhibits of the Salon, from buyers, from popular acceptance.

In Lenoir's studio, as in that of any academicien in the 1820's, Daumier must have been put to the tedious exercises of drawing over and over again classical ears, ankles, etc. After a seemingly endless period of such work he might be finally allowed to a life class where the model would not be drawn but serve as a frame for the assembling of the disjointed bits of classical anatomy he had learned.

Against the tedium of the studio Daumier found antidotes. The Revolution had created the public museum and in the Louvre (a former palace) he could study the revelations of the Renaissance, Rembrandt, Rubens. Among some fellow students, he found sympathy with his rebelliousness. One taught him the new method of making printed pictures — lithography. Soon he had executed a few drawings in this new medium and sold them. He stopped going to the studio and struck out on his own.

* * *

Printed illustrations had been produced in Europe since the late Middle Ages. These were woodcuts which mark in the pictorial propagation of knowledge the same giant advance that Gutenberg's invention of movable type had in the propagation of literal knowledge. But both books and prints were expensive. Indeed woodcuts were used primarily for book illustration and thus their audience was restricted to the aristocracy

and upper bourgeoisie. What contact the lower orders of feudal society had with the woodcut was mostly in its early period when they had been used to increase the salability of religious indulgences to illiterates.

Other methods of print making were later followed. Whereas a woodcut is an actual wooden bas-relief of the picture to be printed, the opposite form of intaglio, or carving the picture down into metal, was invented. Varieties of metal engraving came to include dry point, etching with the aid of acid, etc. But all of these methods of making prints were highly specialized, laborious, slow and expensive.

A few years before Daumier's birth, a Bavarian, Alois Senefelder, invented a method which would revolutionize the making of prints. Senefelder found that the flat surface of a certain type of stone would retain a film of water poured or wiped onto it. If a grease mark or design had previously been put on the stone, no water would remain on that part. Then, if a roller covered with greasy ink were run across the stone's surface, it would leave ink only where the grease marks were. If a piece of paper were now pressed against the inked stone it would receive an exact imprint from the inked mark. By keeping the stone wet and re-inking it each time, an indefinite number of impressions or prints could be made.

This planographic or lithographic method was extremely cheap. The only tools required were a grease pencil or crayon, inks or paints with grease bases. The stone could be planed down and used again and again for years. Moreover, anyone who could draw or paint could use the method — unlike wood cutting and metal engraving which, because of the time, effort and training required, artists were more and more abandoning to craftsmen who executed by rote.

Senefelder's invention spread but slowly in the period of the wars. At first it was used for printing textiles and sheet music. But a combination of circumstances had arisen in France that would soon spread it like wildfire. The public education established by the French Revolution had produced a mass reading public; the

application of steam to the printing press made cheap mass-circulation newspapers possible; finally the French Revolution of 1830, and the five years of relative freedom of the press which followed, allowed the blossoming of such newspapers.

Just as these papers would democratize literature by their serializations of the novels of Balzac, Dumas and Eugène Sue, so would they democratize art in its print form through the use of lithographs for illustrations and caricatures. One must examine the French press from 1830 to 1850 to appreciate how lavishly the publishers slaked the public's thirst for pictorial representation with lithographs. Papers with more than fifty per cent of their space devoted to lithographs are not uncommon.

* * *

Daumier makes his debut in 1830 as a caricaturist for the republican press, which speaks in the name of those elements of the petty bourgeoisie and working class who had made the July Revolution only to find upon their descent from the barricades that, instead of a republic, there was being fobbed off on the country a "republican" king — Louis Philippe of the Orleans line, the "Citizen King," a creature of the financial bourgeoisie. For five years, during which France was rocked by attempted republican coups, assassination attempts, and strikes (the red flag first appears in 1832), this republican press wages a vitriolic campaign of words and caricatures against the regime. Then it is muzzled. During this period young Daumier rapidly forms his style and emerges as the "Michaelangelo of Caricature."

It is also the period that will shape Daumier's political and social outlook. Though of the working class and a fighter against the bourgeoisie for the rest of his life, he will remain basically a "Revolutionist of 1830," even when that movement's ideals, aims and its panacea of universal suffrage have become outmoded by the full development of Marxist socialism.

The freedom of the press resulting from the July Revolution permitted



the radical republicans to launch an offensive against the regime. Before the July uprising Daumier had come to know Charles Philipon, a republican with a flair for promotion, who founded the journal *Caricature* and assembled for its staff a dozen young lithographers including Daumier.

Undistinguished at first, Daumier's cartoons showed remarkable development in a period of months. By 1832 he had begun that series of heads which set him apart from all contemporary caricaturists and marks the beginning of the modern political caricature. Daumier is thus the father of the modern political cartoon and all the greater for having had no predecessor. He was soon arrested for caricaturing the King as Gargantua consuming the wealth of the nation and put in Ste. Pelagie prison from

the summer of 1832 till February of 1833.

Six months in the company of other revolutionary prisoners unquestionably added to his political education and to the store of faces, characters, bodies in his phenomenal memory — he never made sketches or notes.

The government's campaign against the press intensified. By 1834 the office of *Caricature* had been seized 27 times; fines multiplied, threatening bankruptcy; Philipon was sentenced to six months. After the riots of 1834 the regime killed the opposition papers. For example, *La Tribune* underwent 111 prosecutions and 20 convictions totalling 49 years of imprisonment as well as 150,000 francs in fines.

But before the end came, Philipon proved fertile in devices to outwit the

prosecutor. Forbidden to caricature Louis Philippe's pear-shaped head any longer, the monarch was not clearly identified, being drawn from the side or rear. When that could no longer pass, not a human figure but a pear was used as a symbol of the hated ruler. To avoid certain fines, *Caricature* did not publish risky cartoons, but set up a separate Monthly Lithographic Society which published them with the announced aim of using proceeds to pay fines.

For this series Daumier produced four of the greatest lithographs ever drawn. They were *Le Ventre Législatif* (the Legislative Belly), a view of the interior of the National Assembly with magnificently pitiless caricatures of all the ministers and leading deputies at their benches; *Enfoncé Lafayette*, a view of Lafayette's funeral with Louis Philippe as an undertaker's assistant apparently weeping but on closer inspection seen to be grinning behind his handkerchief; *Ne Vous Y Frottez Pas* (Don't Monkey With It), a young printer in his work clothes, reminiscent of Michaelangelo's David, standing in defense of freedom of the press against the King and his ministers; *Rue Transnonain, Le 15 Avril 1834* — this is not a cartoon in the sense that it contains no distortion but is a naturalistic representation of a room in which are seen the corpses of a murdered family and the dishevelled beds from which they had been pulled. This is Daumier's comment on an atrocity by the royalist troops the previous night. Claiming that they were being sniped at from the building, they had entered it and slaughtered all the inhabitants. In the all-pervading gloom of the room, the foreshortened body of a half-nude father who, with horror the observer comes to see, is lying on the body of an infant. This is one of the most powerful political drawings ever made and on an artistic level is comparable to Rembrandt's *Anatomy Lesson*.

Had Daumier died at the age of twenty-six, these lithographs alone would have entitled him to a permanent place in the history of modern art.

The final end of freedom of the press in 1835 found the resourceful

Forgotten 5,000,000

Inflation scare has now replaced almost all business talk of recession. The Administration, big business organizations, and corporate leaders are once again warning that labor must "hold the line" or take the blame for rising prices. There is little or no talk about the problem of continued high unemployment despite the rise in the jobless rate from 6.8 per cent in mid-June to 7.3 per cent in mid-July. Mid-summer unemployment stood at 5.3 million with indications that this rate would climb to 5.5 million by winter — a figure considerably higher than last April when the slump was at its worst. — IUD Fact Sheet (AFL-CIO), August.

Philipon with another iron in the fire. This was a new paper, *Charivari*, whose caricatures would be social rather than political satire. Daumier soon adjusted to this new field and again became its greatest artist.

At the suggestion of Philipon, always an idea man, Daumier created a character — Robert Macaire, taken from a popular play of the time. Robert Macaire was an adventurous swindler, shabby one day, affluent the next, completely cynical and opportunist but compelling a sort of admiration by his breath-taking effrontery. Macaire appeared in cartoons as stockbroker, lawyer, doctor, railroad promoter, suitor, salesman, phony inventor, etc., etc., always fleecing the gullible petty bourgeois. The series had a phenomenal success. Re-issues of the series were common. Macaire became a household word.

The Macaire series was, of course, a social critique of capitalism and specifically of France under Louis Philippe which was *par excellence* the regime of bankers and stock-exchange manipulators. Secondly it was a taunting, as inveterate dupes, of the middle class, whose support of the regime, even though it did not even allow them the ballot, had permitted its consolidation.

In *The Civil War in France* Marx writes: "The July monarchy was nothing other than a joint stock company for the exploitation of French national wealth, the dividends of which were divided among ministers, Chambers, the 240,000 voters and their adherents. Louis Philippe was

the director of this company — Robert Macaire on the throne."

Robert Macaire, however, is not one of Daumier's best caricature creations. The series' enormous popularity was largely due to its topicality — in a period when financial and governmental scandals broke almost weekly. Also the lengthy inscriptions written by Philipon below the cartoons, filled with puns and witty allusions, have lost their appeal today.

Incidentally, the lengthy inscriptions appearing beneath Daumier's cartoons were rarely, if ever written by him. Those he wrote are terse. He believed the picture should tell the story, not the inscription. Since he often turned his lithographs in with a mere word or two to indicate the idea, or later merely turned in drawings of types or scenes that had attracted his attention, the writers of *Charivari* had to invent humorous inscriptions. Since they were usually paid by the line, their tendency to lengthiness is understandable.

All of Paris, all the human variety in modern urban society with its classes and their subsections, with their manners, customs, idiosyncrasies, became subject matter for Daumier's social satire. His range was so great that his work has often been compared to the *Comédie Humaine* of Balzac, who in turn upon first seeing Daumier's work remarked that "there is something of Michaelangelo in that fellow."

The critic Leon Rosenthal said of Daumier: "No one has known as he did the soul of the petty bourgeois. He has defined it with perspicacity and without acrimony, conscious of its virtues as of its mediocrity . . ."

In quantity Daumier's drawings constitute an encyclopedia of types. But more impressive than the quantity is the quality — the viewer recognizes at once that these are real people, universal yet particular, burlesqued yet more truly portrayed because of that.

In his *Curiosités Esthétiques*, the poet Baudelaire wrote: "Daumier's distinguishing note as an artist is his certainty. His drawing is fluent and easy; it is a continuous improvisation. He has a wonderful, almost super-human memory, from which he

works as from a model. His powers of observation are such that in his work we never find a single head that is out of character with the figure beneath it. The artist manifests here a marvellous cunning in portraiture: while caricaturing and exaggerating the features of his originals, he yet adheres so faithfully to nature that these productions might serve as models to all portraitists."

The Revolution of 1848 again brought a few brief years of press freedom and political caricature. To be signalized among Daumier's work of this period is the creation of Ratapoil, the Bonapartist agent. Ratapoil is the personification of the agent-provocateur, the bully boy, a section leader of the Society of December 10, President Louis Bonaparte's private army of adventurers and lumpen-proletariat—a seventy-year anticipation of Benito Mussolini's first *fasci*. It was the Society of December 10 that Bonaparte shipped ahead when he toured France so they could impersonate the masses at each railroad station, shout, "Vive l'Empereur!" and beat up any opponents. Daumier shows Ratapoil as a sinister, seedy, middle-aged but wiry adventurer, with an imperial beard and mustache, carrying a half-concealed club up his sleeve. This figure incarnated all of Daumier's hate and contempt for Napoleon the Little, by whom, to his credit, he had never been taken in as had such men of the left as Proudhon and Victor Hugo.

Bonaparte's *coup d'état* in 1851 ended the Second Republic and freedom of the press. Daumier is again restricted to social satire. A marked change in his style takes place during the 1850's. The deep, velvety blacks and delicate shadings of gray are replaced by short, nervous curved lines—a sort of pictorial shorthand or impressionism. The change is attributed principally to the introduction of fast new presses which were not capable of the fine presswork required for his earlier type of lithograph. Moreover, stones on which he had always composed directly were now being replaced by granulated zinc plates and special drawing-transfer paper.

In the late sixties, the regime, sensing its impending downfall, tried

Don't Wantta Buy Now

Only one of every four American families felt the recession's impact through unemployment or shortened work weeks, according to a survey by the University of Michigan's Survey Research Center.

But 85 per cent of the working-class people in a survey by J. W. Spellman, Inc., Boston advertising, marketing and public relations firm, indicated that they would wait until later to make their major purchases. Caution born of insecurity and a general feeling that things may get worse appear to motivate the buying habits of these hourly-rated workers, the survey found.
— Printers' Ink, Aug. 15.

to placate the liberals. Daumier was even offered the Legion of Honor—he refused. The press censorship was eased and political caricature within limits again became possible. Daumier devoted himself largely to cartoons against the arms race and the danger of war, into which Louis Napoleon would plunge France in 1870 in an effort to strengthen the regime with an upsurge of patriotism.

All his life Daumier had lived in a working-class section of Paris. His earnings approximated those of a skilled worker. He had married at the age of 38 and he supported his parents. When unemployment struck in 1860, the family was in desperate straits. To live cheaper they moved to Valmondois, a village outside Paris. Daumier now first began to have serious trouble with his eyes. In 1864 *Charivari* rehired him but his earnings were not enough to keep him out of debt. Threatened with eviction from his home, Daumier was saved by Camille Corot, an old friend, who, after thirty years without selling a single picture, suddenly came into vogue in England. The flow of English pounds permitted Corot to set himself up as a one-man mutual aid fund for impoverished fellow artists. Corot bought the house and presented it to Daumier on his birthday.

It is not fully clear what Daumier's attitude was to the Parish Commune. That he was against the Assembly of Bordeaux, which later moved to Versailles, and its head, Thiers, who had been a target for savage caricature ever since the days of Louis Philippe, is apparent from those few

cartoons Daumier did in this brief period (the Commune lasted only two months). But it would seem that he regarded the struggle in terms of 1830 and 1848—the fight for a republic and universal suffrage rather than as the first proletarian government.

It may well be that Daumier's views on the Commune were afterwards concealed by himself and his friends, for the repression was merciless. His friend, the father of realism in French art, Gustave Courbet, was imprisoned, forced into exile, and his property confiscated for his role in the Commune. Jules Dalou, Jean Charles Cazin, and other artists suffered banishment. Undoubtedly the suspicion that a man with Daumier's political past must have been a friend of the Communards contributed to the failure of the one-man show of oils and water colors which his friends and admirers organized in 1878 as a tribute and in the hope of some sales.

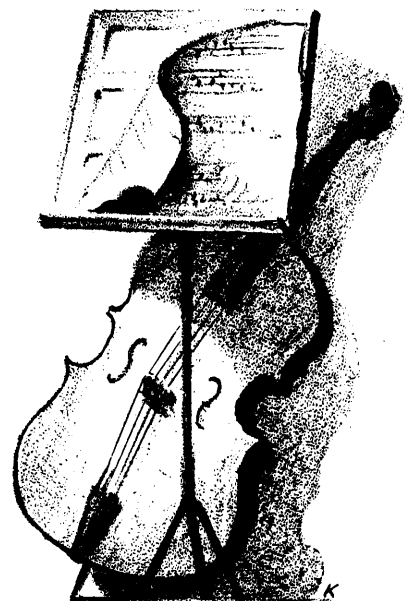
That the president of the exhibit was Victor Hugo could only reinforce the suspicion. For though not a Communard, Hugo had made an impassioned plea to Belgium for the right of asylum of escaped Communards. The deadly effect on art exhibits of the witch-hunt was demonstrated by the third Impressionist exhibition the year before. The second exhibition had registered a modest advance in acceptance and sales. The 1877 exhibit was unjustly labelled as "Communard" art by reactionary circles and witch-hunters. The subsequent storm of abuse made the exhibit a financial disaster.

Daumier died February 10, 1879 at the age of 71. According to Sarah Newmeyer in *Enjoying Modern Art*, there was no money to bury him and the state put up twelve francs for a pauper's funeral. "The mayor of Valmondois virtuously refused to requisition even the tiny minimum sum ordinarily supplied to dignify the body of a respectable pauper. Hadn't Daumier been a jailbird . . . an agitator through the power of his art, a political caricaturist often on the wrong side? Some newspapers, commending the mayor, criticized even the expenditure of twelve francs for the grave."

Soviet Music —Two Views

Sometimes They Elude the Ukases

by Trent Hutter



ACCORDING to M. Bernz, the music created under the Kremlin's rule hardly attains greatness and tends to be "old-fashioned" because of the reactionary, totalitarian cultural policy of the Soviet bureaucracy. But what about Dimitri Shostakovich, Russia's most famous contemporary composer? For Shostakovich's achievements are a favorite argument of those who claim there is nothing wrong with music in the USSR.

M. Bernz deals with this argument by attempting to prove that Shostakovich is not a truly great composer. However, the relationship between totalitarian rulers and the artists they wish to subjugate in their anti-individualist drive is much more complex than M. Bernz imagines. It is true that without the heavy, Stalinist fetters Soviet music would undoubtedly have flowered even more than it has done. Yet it is remarkable that despite the totalitarian strait jacket, despite humiliations and condemnations by party bosses, Prokofiev, Shostakovich, even Khachaturian and Kabalevsky did compose quite a few scores which the world's most unprejudiced and most esteemed critics and conductors consider to be among the masterworks of the twentieth century.

M. Bernz ought to have examined how Prokofiev, Shostakovich and others

In "The Politics of Soviet Music," which appeared in our spring issue, M. Bernz discussed the relation between the Stalinist bureaucracy and Soviet musical production. In this issue, Trent Hutter takes exception to some of the author's critical remarks about various Soviet composers; while Bernz responds by indicating the musical standards on which he based his judgments. Both Hutter and Bernz agree with the position of the *International Socialist Review* that Soviet artists should be free to express themselves in accordance with their own conscience.

sometimes seemed to give in to the bureaucracy's ukases — and then explored new ways to elude them. Instead of throwing any light on this process, M. Bernz wants to convince us that, for example, everything the late Serge Prokofiev wrote after his return to Russia was bad.

Prokofiev's *Lieutenant Kije* and *Alexander Nevsky* were "only movie scores," he says. But these movie scores are masterpieces! And why is a movie score necessarily inferior to an operatic or ballet score? *Lieutenant Kije* is, in story and music, a brilliant *satire on the bureaucratic mind*, although it was written under Stalin! And the *Alexander Nevsky* cantata is as fine a piece of choral music as any in our century.

The *G Minor Violin Concerto* M. Bernz disposes of as one of "these conservative pieces." Yet the *G Minor Concerto* was admired by the late Dr. Serge Koussevitzky who recorded it with Heifetz; and Dimitri Mitropoulos recorded it with Francescatti! Koussevitzky was and Mitropoulos is an outstanding authority on modern music. For instance, Mitropoulos has contributed much to a better understanding of Schönberg and Alban Berg in this country. Heifetz and Francescatti are not only top violinists; they are authorities on music for their instrument. And appreciating Prokofiev's *G Minor Concerto* as I do, I thus find myself in excellent company.

"*Peter and the Wolf* was for children," says M. Bernz contemptuously. But he fails to mention that the delightful musical story has become a modern classic and that in music, as in literature, the best that has been written for children appeals equally to grown-ups. And M. Bernz reveals remoteness from the musical education and needs of the young, the assimilation of musical values and its importance, when he makes his bad joke

about Prokofiev's alleged drift toward "music for the feeble-minded."

He calls Shostakovich's *Tenth Symphony* "tame and compliant," but it happens to express a profoundly melancholic and searching mood, far from the forced, superficial optimism dear to the bureaucracy. Nothing about it is "tame and compliant"; and it surely does not correspond to a feeling of unquestioning contentment. Nor is it, in my opinion, a work of actual despair, resignation, hopelessness. It is a powerful and compelling symphony which I highly value as one of the finest in modern music and which was received with genuine enthusiasm when, in New York, under the direction of Mitropoulos, it was performed for the first time outside the USSR.

M. Bernz does not seem to notice the contradictions in his statements. Thus, on page 58, he says of Khachaturian: "He specialized in what is professionally — and properly — known as hootchy-kootchy music . . ." (Never have I heard any professional musician use this term.) On page 59, however, he informs us that Khachaturian is one of "the real artists, the ones with know-how." How can Khachaturian specialize in "hootchy-kootchy music" and still be a "real artist"? And why is it so wrong and reactionary for a composer to be rooted in the folk music of his native land, as Khachaturian is rooted in Armenia, in the Caucasus? And, I may add, as Kodaly is rooted in Hungary, as Villa-Lobos is rooted in Brazil?

The realm of music is wide; and our time has various aspects. Therefore, various kinds of modern music, that is, music providing our time with a voice of its own, are possible; not just one method, one technique, one direction. And if Stravinsky, Schönberg, Hindemith — so very different from each other — all represent valid mu-

sical idioms of the twentieth century, why not the leading Soviet composers, too? Let us be wary of opposing to the conservative intolerance of the Soviet bureaucracy a "modernistic" intolerance of our own!

We cannot always directly translate politics and social conditions into cultural phenomena. Political and social conditions are undoubtedly reflected in the arts, but not mechanically. The Soviet Union's mediocre composers — and the mediocrities are everywhere the majority among composers — are indeed "tame and compliant," writing for their bread and butter what the bureaucracy

expects them to write. But an authentic genius like Shostakovich frequently rises above the fetid zone of typical Stalinist "culture." (Just as in Nazi Germany a few artists of genius remained independent in their work.) Naturally, his scores today express a mood different from that of the pioneering, revolutionary twenties or from that of the stormy days of struggle against the Nazi invaders. And naturally the story of Shostakovich reflects the pressure of the totalitarian bureaucracy (as does, for example, Prokofiev's last and rather insignificant *Seventh Symphony*).

But it is also a story of ever-recurring resistance to the bureaucracy's constant intervention in artistic matters, a story of tension — sometimes silent, sometimes erupting in public declarations — between a Communist artist of genius and the bureaucratic caste that wants to use his fame for its propaganda and also wants him to obey. While he tries to avoid a head-on clash and may even have a misguided sense of loyalty toward the bureaucracy, he definitely is not a "representative of the caste."

The Big Stick Is Decisive

by M. Bernz

THERE are several ways of creating music: one can drop a quarter in a juke box and perform five popular songs in whatever succession one's tastes and creativity dictate; or one can select out several phrases from these songs, reassemble them, and imagine that a new and more popular song has been created; or, given some thousands of quarters in dollar or ruble notes, one can commission a competent composer to assemble a symphony which, in style and in quality, is indistinguishable from one by Shostakovich. It is this latter fact, verifiable by anyone with the requisite dollar or ruble notes, which makes me question the "greatness" of Shostakovich and his music.

We are not here concerned with what these might have been if there had been no bureaucracy with rubles in one hand, a big stick in the other, and some millions of workers and peasants breathing hard in its direction. All this and all these went into the creation of Shostakovich's music. But he, standing where its blurred mass should have been brought into unique and individual focus, either missed or preferred to miss what was real and hard for what was pretense and what was easy. His function, then, was more of the craftsman than of the artist; he copied and exhibited and put a glistening edge upon what was visible, but he did not probe, and reveal, and transmute what was there.

In music, while the deeper processes of the artist occur beyond the conscious reach of even the artist himself, and have to, it is entirely otherwise with the craftsman. The craftsman-composer always knows, consciously, what he is doing; and, through the same open window, so can we. If Shostakovich

wants to be "profound," or "melancholic," or "searching," we can anticipate how he will "become" so. In the old days of the silent movie, the theater organists proceeded quite similarly: they had books of pieces, themes, motifs, and by properly thumbing these books, and by pressing the appropriate organ knobs and keys, they produced romantic, spooky, and even "melancholic" music. The theater customers, dew-eyed over the misadventures of Great Garbo, were convinced, for at least fifteen minutes after leaving the theater, that they had been hearing the greatest music in the world. So, too, a performance of Shostakovich's *Fifth Symphony*, flanked by an anti-Hitlerite rally in one place, and a speech for the republican government of pre-Franco Spain in another, seemed like the most inspired musical message of its time.

But years have passed, and times have changed, and the war and the warriors have both grown cold — and so has the enthusiasm for the *Fifth Symphony* and its immediate successors, so admired and fought over by the conductors of the war years. So too with Shostakovich himself: for he "played it cool" by periodically re-issuing this *Fifth Symphony*, in revised if unabridged editions; and if the *Sixth* and *Seventh*, thanks to the Soviet-Allied friendship, were adjudged of the same lofty inspirations, the recent *Tenth* and *Eleventh* have as surely marked its reduction to dust and ashes.

The musical stream, as it pours from the consciousness of a great composer, always seems to bear, in the rearing and in the succession of its elements, a certain inevitability. If this were wholly so, mechanically rather than organical-

ly, we could not bear many repetitions of it; we would have to consign it to a summer band concert, an accompaniment to street noises, to conversation, or to a dinner table — music meant to be heard but not listened to.

Shostakovich's music, like most Soviet music, because its composition did not entail searching and difficult decisions, but ever proceeded from the lightly grasped to whatever was closest at hand, has no real interest for the cultivated music lover, no durable interest for the moderately sensitive one, and a lasting interest for only the wholly unsophisticated one. For some otherwise well-developed persons, a Cole Porter song, in the interminable succession of arrangements with which it is marketed, is sufficient; for others, more ambitious and more gullible, a hoax of a symphony, correspondingly treated, is also evidently sufficient.

In conclusion, I must concede the following: It is possible that the Soviet composers have inaugurated a musical current which may become the main stream of the future. This will be most true of that music which, according to the most developed bourgeois tastes and criteria, is the most vulgar, the corniest, the most widely popular; and this will be so because and not in spite of the bureaucracy, which has generally tended to defend the tastes of the masses against the predilections of the composers themselves. This sort of thing has happened before, historically; but it was the progressive hand of the bourgeois market place — around 1600 and again 1750, which wrested a few simple essentials from what was then current and supreme, and set these upon courses which culminated in Bach in one case, in Beethoven in the other.

Progress of World Socialism

After the big achievements of the 1917 Revolution, socialism was set back for twenty years by Stalinism. A new upsurge, begun during World War II, now points toward final victory

by William F. Warde

"Proletarians of both hemispheres! The First International gave you a program and a banner. The Second International raised the widest masses to their feet. The Third International gave the example of revolutionary action. The Fourth International will bring final victory!"—LEON TROTSKY. ("Manifesto for the Fourth International," March 1934).

II.

The scientific socialist movement announced its entry into the world with the publication of a program. *The Communist Manifesto* gave it so solid a theoretical foundation that the events of the next century neither shattered nor invalidated its conclusions but confirmed them in all essentials. It is the only one of all the political documents issued by the political parties of the various classes at that period which has withstood the test of time and remains today a living, guiding force.

The enduring influence of *The Communist Manifesto* is the most convincing testimony to the importance of theory and program in creating a sound workers' movement. But Marxist theory is a guide to class action. And the scientific theory contained in that program exhibited its power in practice by the fact that it inspired and directed the second stage of the international socialist revolution. This period was ushered in, not by a programmatic pronouncement, but by a world-shaking action: the victory of the Bolshevik party at the head of workers and peasants in the Russian Revolution of 1917.

This has been the most momentous and far-reaching mass action in

This is the second of two articles on the progress of world socialism since 1848. The first article, which appeared in our summer issue, brought the survey up to 1917.

modern history. It initiated a new stage in the progress of the socialist workers movement. For the first time a section of the working class definitively defeated the forces and resources of capitalist reaction; installed itself in power; proceeded to defend its government and reorganize society in the interests of the toiling masses. The Russian workers demonstrated that workers power was not a dream but could become a reality; that socialism was not a utopia but a genuine and realizable goal. What an immense, almost immeasurable step!

The success of the revolutionary socialists (Lenin's Bolsheviks were not called Communists until after their victory) settled many serious theoretical issues. Who makes history — brilliant individuals or insurgent masses? How is society remade — by the piling up of reforms or by revolutionary action? What kind of party and leadership are required for such gigantic tasks — a loose movement with an opportunistic leadership or a disciplined party with Marxist fortitude and vision? All these questions had been the subject of intense theoretical debate. They were answered in the events and outcome of the Russian Revolution by the more decisive proof of practice. And nothing that has happened since has nullified these lessons in their essentials.

The October Revolution did more than lift world socialism on to a higher level from which it has never been toppled. It inaugurated an entirely new era in the development of mankind — the post-capitalist era. Since 1917 modern history has been divided into three great stages: the

pre-capitalist, the capitalist, and the post-capitalist. These are embodied in three different though intermeshed and interacting sectors of society — the backward and colonial countries, the imperialist metropolises, and the workers states.

Last October marked the fortieth anniversary of the Bolshevik victory. The consequences of this event have molded the history of our time, just as the unfolding of the French Revolution dominated the end of the eighteenth and the beginning of the nineteenth centuries. The internal development of the Russian revolution, and its impact upon the rest of the world over the past four decades, breaks up into three distinct periods.

The first lasted for six years from 1917 to 1923. This was the ascending curve of the revolution, its most heroic and creative period.

The second stretched out over twenty agonizing years from 1923 to 1943. These two decades witnessed the descent of the Russian revolution from its high point to the consolidation of the Stalinist police state in the Soviet Union and the reinforcement of capitalist reaction elsewhere in the world.

We are still in the midst of the third period which started during the Second World War and has yet to unfold all its consequences. This present period is characterized by the crumbling of colonialism and the weakening of world capitalism owing to the immensely powerful and sustained upsurge of the international revolution. On top of its blows against imperialism, this new rise in the tide of revolution has served to undermine the foundations of Stalin-

ism and revive the activity of the masses in the Soviet zone.

Let us review the salient features of each of these three successive stages in the ebb and flow of the world revolution from 1917 to 1957.

* * *

The achievements of Bolshevism at its zenith surpassed those of any other party in history. Lenin's party piloted the Russian workers to the heights of power in Russia, laid down the foundations of the first working-class republic, cleared away most of the dead wood of feudalism and capitalism, created the Red Army and successfully defended the new regime against its formidable internal and external enemies. The Bolsheviks did more than break the shackles that bound the Soviet peoples to the past; they also showed advanced workers everywhere how to cast off the restrictions of reformism.

Their example and teachings gave new hope and new life to the entire working class and pointed out a new road for world socialism. Through the formation of the Third International the Leninists reorganized its most virile forces, re-inspired the older generation, and educated the youth in the real meaning of Marxism in theory and in practice. The Third International challenged and displaced the Second International as the authentic representative of the showdown struggle against capitalism. The Leninists did everything — and a bit more — that could be demanded of them to fulfill the principal tasks of revolutionary leadership. These consist in fortifying the positions of the working class to the utmost in their own country while helping to promote the movement against the old order in other parts of the world. The most backward country produced the most far-sighted leadership.

Whatever mistakes the Bolshevik pioneers made — and being neither Popes nor Stalins, they admitted their fallibility — sink into insignificance beside their colossal unforgettable achievements.

More decisive in the long run than any incidental and inescapable errors — or even their correct policies — were the enormous objective obsta-

cles that confronted the Russian revolutionists. These could not be easily cleared from their path. First was the inherited, age-old economic and cultural barbarism of Russia with its small working class, decimated by the imperialist and civil wars, its sea of peasantry, its weak industry and archaic agriculture rendered still more chaotic by the unremitting upheavals of the time.

Second was the failure of the socialist revolution to extend itself, despite some favorable opportunities and spasmodic attempts, into the more advanced countries of Western Europe.

Third was the consequent isolation of the young Soviet republic in an imperialist environment.

Fourth was the weariness of the masses.

These adverse conditions forced a retreat on the economic front (known as the New Economic Policy) after the military victory of the Russian revolution in 1921.

This retreat then became the starting point for an unexpected and involuntary recession of revolutionary energy and optimism. After the loss of hope in the German revolution in 1923 and Lenin's death in 1924, the conservative and bureaucratic tendencies which had been gathering momentum in the Soviet government and the Communist party were unleashed. That produced a sharp and irreconcilable realignment of forces within the ruling circles. The faction headed by Stalin most clearly and consistently spoke for the mounting resistance to further revolutionary change.

This first period was dominated by the expectation that the problems of Russian backwardness would find the material means for their solution through the spreading of workers power from the East to the West. The Bolshevik leaders believed that the merger of German industry with Russian man power and resources would provide an unbeatable team for travelling fast toward the objectives of socialism. However, this gateway to the West was barred by the postwar treachery of the Social Democratic leaders and the immaturity of any revolutionary replacement for them.

This objective situation produced a fundamental crisis of program, policy and perspective within the Russian Communist party. The ensuing parting of the ways was so far-reaching that it proved fatally decisive for the entire subsequent evolution of the international labor movement and reverberates up to the present time throughout its most advanced sectors.

The opposing positions were put forward most forcefully and fully by the Stalinist faction on one side and the Trotskyist Left Opposition on the other. The gist of their dispute can be summed up as follows: Should the expansion of the world revolution be considered as concluded for the entire next historical period; should rescue from that quarter be written off and everything be concentrated upon safeguarding and developing what had already been achieved in the Soviet Union? This was the position epitomized in the theory of building socialism in one country which was first put forward by Stalin late in 1924, in violation of all the previous traditions and program of Bolshevism.

This outlook was predicated upon a total lack of confidence in the prospects of important victories for the socialist revolution elsewhere. For, if the extension of the revolution was a genuine possibility, then why was it necessary to erect the idea of socialism in one country into an unassailable dogma and defend it with such ferocity that its critics were expelled from the party, jailed, exiled and exterminated?

The conservatism of the Stalinist faction was expressed negatively in their turning away from the prospects of victory on the world arena and positively in the declaration that everything essential for the construction of a harmonious socialist society was present or potential within the boundaries of the Soviet Union. These were two inseparable sides of the same position. If this was so, then there was no need to run the risks and exert the efforts involved in promoting the socialist revolution elsewhere. Henceforth, in their eyes, the workers movement in other countries had to play not an independent but an auxiliary role. Its primary duty would be to serve as border

guards of the Soviet Union where socialist construction was going forward and subordinate their struggles for power to the shifting requirements of the Soviet bureaucracy.

The Leninist opposition pointed out the fallacies in this position. It is of course imperative, they said, in view of the retarded development of the international revolution and the pressing needs of the Soviet people, to go ahead and strengthen the economy and defenses of the Soviet Union as much as possible. For this purpose they proposed a program of rapid industrialization under a socialist plan. There was no basic dispute between them on this point, although there were differences over questions of timing and method.

But that does not close the question, the opposition stated. You claim that a socialist structure standing on a higher economic and cultural level than capitalism can be built in our country alone. But capitalism was built from its beginning upon a world-wide market. How then, can a higher type of economy, guaranteeing a higher living standard and more freedom, be raised upon far smaller material foundations?

The fact is, they continued, that even to solve our own national problems, not to speak of creating socialism, the workers have to take power elsewhere so that the Soviet Union can have free access to the resources of the most advanced countries. That is one reason why continued adherence to Lenin's program of revolutionary internationalism is not a mere dogma but an imperative necessity for the further advance of the Russian revolution. Even more. Such a correct and energetic policy is necessary to protect and preserve the conquest already made. For, unless the pressures and the menace of imperialism are removed by the revolutionary action of the working class in the Western world, the Soviet Union will be in constant danger of attack and have to divert its resources to unproductive military purposes. Even more. If the attempt is made to create a socialist paradise in a backward country encircled by capitalism, this unrealistic course will have results

unintended by its authors. It will cripple the world revolution and eventually, if the revolution does not break through in time elsewhere, will lead to the degeneration and the downfall of the revolutionary conquests themselves.

The Russian revolution and its results are not self-sufficient or all-sufficient — it is no more than a link in the international revolution. The Soviet Union is dependent on that revolution; that revolution cannot be made subservient to the demands and dictates of the Soviet bureaucrats.

The Stalinist faction triumphed, as is known. Not because their arguments were superior from the Marxist standpoint, but because of the greater weight of the anti-proletarian social forces mobilized behind them in the country and in the world. They rose to power upon the ebbing of the international revolution while the Leninists were pushed out of power.

* * *

The second phase of the international revolution, which began in 1924, coincided with the victory of the Stalinist reaction within the Soviet Union. From that time on the interaction of these two forces — the Stalinist bureaucracy and the movement of the advanced workers — has determined the course and outcome of world socialism.

The next twenty years was a disheartening period of uninterrupted defeats for the world working class in its crucial encounters with the ruling classes on the political arena, despite the instability of world capitalism. Let us recall the main landmarks. After the default of the German revolution in the Ruhr crisis of 1923 and the triumph of Fascism in Italy came the defeat of the Second Chinese Revolution in 1925-27 and the fiasco of the British General Strike in 1926. The decade of the 1930's was dominated by Hitler's coming to power in 1933 and the spread of fascism throughout Europe, the debacle of the Popular Front in France from 1936 to 1938, the betrayal of the Spanish Civil War from 1936 to 1939, the support to Roosevelt from 1936 to 1940, climaxed by Stalin's pact with Hitler which gave the green light for the Second World War.

The principal political factor responsible for these disasters was the false policies of the Stalinized Third International with an occasional assist from the Second International. The Kremlin converted Lenin's International from the leadership of the international struggle for socialism into an agency for promoting the interests of the bureaucratic ruling caste at the expense of the interests of the world workers movement — until Stalin junked it at Roosevelt's request in 1943.

Meanwhile, within the Soviet Union extremely contradictory developments took place. The workers democracy of Lenin's time became converted into an ultra-bureaucratized despotism whose ugly features Stalin's successor Khrushchev has belatedly unveiled. All major institutions from the Communist party, the Soviets and the trade unions to the army, the secret police and the educational system became agencies serving the exclusive interests of the ruling bureaucracy who centralized all power in its hands through the one-man dictatorship of Stalin.

While this terrorist totalitarian apparatus was being installed in the political superstructure, the basic economy was spurting forward. Successive five-year plans elevated Russia from a predominantly agricultural country into an industrial power of the first rank. It is customary for apologists of the Kremlin to point to these economic achievements to justify Stalin's dictatorship and whitewash its crimes. After all, they ask — without consulting the Soviet people who paid it — wasn't it worth the price?

Their error consists in identifying two different social processes based upon powers which were in reality opposed to one another and moving in opposite directions. The Stalinist autocracy did not represent the interests of the Russian workers or the continuation of their revolution. It directly represented the privileged top layer of the Soviet population, the specialists in government, defense, industry and science who resisted the further development of the revolution. This could be seen in the police regime they directed against the masses.

But it was no less true of the role of this government in economic life. The forced collectivization of the peasants was so brutally and recklessly carried out that Soviet agriculture to this very day has not recovered from the damage, as Khrushchev has had to testify. And the headlong pace of the industrialization, accompanied by the waste and mismanagement of the all-powerful bureaucratic administrators, has greatly hampered the rounded development of the economy. It suffers from calamitous disproportions between heavy and light industry which in turn have brought about such a spread between industrial and agricultural prices as to depress the incentives for peasant production.

On the other hand, neither nationalized property nor the possibilities of planned production were created by the bureaucratic usurpers; these were the most enduring achievements of the masses and their Bolshevik leadership carried over from the preceding period. The industrialization under forced march was an assertion of the vitality inherent in the original revolution. The autocratic rule of the bureaucracy was, on the other hand, an expression of the revulsion against the program and the further needs of that revolution which threatened its very life and sapped its energy. To lump these two together, as the Stalinists do, is like a doctor who would identify a cancerous growth with the living body upon which it feeds because both coexist in the same organism.

Stalin and Khrushchev can no more be credited with the economic advances of the Soviet Union than Green and Murray can be credited with whatever growth American trade unionism experienced under their auspices. The conflict between the bureaucracy and the socialized economy could be masked for a time so long as the Soviet Union was primarily assimilating the technical achievements of the more advanced countries. But the higher its economy climbed, the sharper grew the friction between its bureaucratic maladministration and the needs of the economy, and the more urgent became the demands for workers de-

Common Sewer

Is America's fresh air about to go the way of its forests, virgin land, clear streams, minerals and fossil fuels?

The National Institute of Municipal Law officers thinks so. On March 17, according to United Press, it warned that the nation was "fast dissipating" one of its major natural resources — fresh air.

Jack M. Merelman, Institute lawyer, told a House Commerce subcommittee that "the very air we breathe is being used as a common sewer where fumes, gases and all manner of pollutants are dumped.

Merelman blamed automobile exhaust for air pollution. He supported a bill to outlaw the use of cars emitting more unburned hydrocarbons than the Public Health Service deemed safe.

Other authorities have pointed to the smoke and fumes from private industry as the main source of the poisonous smog that makes breathing difficult in many of America's cities.

Then there are the nuclear tests . . .

mocracy. This conflict has now become so apparent that even Stalin's successors are obliged to take verbal notice of it.

There was another paradoxical result of the first stage in the expansion of the Soviet economy. The material basis of bureaucratic rule is the scarcity of consumers goods. The big bosses in Moscow decide who gets what and how much. In the sphere of the distribution of goods the advancing economy provided enough to give privileges to the favored few but not enough to assure even the basic necessities — food, clothing, shelter — to the masses. This inequality produced deep-going differentiations in the living standards of the various sections of the population. The resulting conflicts and discontent over the division of the national income forced the bureaucrats to tighten the screws of their dictatorship to the limit so that no dissent could be voiced, no opposition organized.

* * *

This twenty-year period witnessed the simultaneous triumphs of fascism in Western Europe and Stalinism in the Soviet Union. The spread of the most vicious capitalist reaction over Europe and the strengthening of the bureaucratic reaction within Russia were symmetrical and interlinked phenomena. Both were products of

the prostration of the world socialist revolution. The series of defeats inflicted upon the labor movement from without and from within during the 1930's permitted imperialism to unleash its Second World War with impunity at its close.

This second period brought to the fore the adverse effects of the uneven development of the revolution in this first phase of the transitional period from capitalism to socialism. This unevenness was not uniformly unfavorable. The backwardness of Russian capitalism was one of the major conditions for the mighty forward leap made by the proletarian revolution in the previous period. But at the next stage of Russian development this same material backwardness dragged the revolution down like a leaden weight. Why did this come about?

The *political* conditions for the taking of power by the workers in a country can mature much sooner than the *economic* conditions for their advance to socialism. The workers were able to take power in Russia because it was the weakest link in the chain of capitalism. But for that very reason it was least suited as a material basis for socialism. The first contingent of the proletarian revolution broke through the ring of capitalist rulership, not at its strongest but at its weakest point, not at its extremity, not in the most qualified but in the least developed country of Europe.

This same contradiction between advanced political conditions and a backward economy has not been overcome or lessened with the victory of the Chinese revolution. On the contrary, it has been duplicated, extended, generalized and intensified. Consequently, today we find that the material and cultural elements for the construction and elevation of the higher social system are split up and dispersed into opposing sectors of the world. Those economies which can provide the solidest supports for socialism are still held in the hands of capitalism while those countries where capitalist relations have been abolished have as yet inadequate material bases for a swift advance to socialism.

These objective disparities which have flowed from the irregular de-

velopment of the international revolution since 1917 have created enormous difficulties in the way of world socialism. They are at the bottom of the tremendous deviations from the principled course of the class struggle and the monstrous anti-democratic deformities which have grown up in the inner life and political structures of the anti-capitalist countries. The only avenue of escape from this terrible predicament, as Lenin pointed out, was through the extension of the revolution into the West.

When this road was sealed off from 1923 on, the Russian revolution was pressed back upon itself by the tightening pressures of world reaction. Although its spring was never broken, it became so bent and twisted that many could no longer recognize the remaining conquest of the revolution beneath the grotesque disfigurement of the Stalinist regime.

* * *

It flows logically from this analysis that, once the power of capitalism was reduced and its pressure upon the Soviet Union relaxed, the spring of the revolution would start uncoiling there again. This is precisely what has been happening with the reversal of the world situation that has come about during and after the Second World War.

The stage of the world revolution we are now living through was not ushered in by a single dramatic event, like the victory of the Bolsheviks in 1917. It has been the product of a continuing series of interconnected developments which have converged to push the course of events in a different direction from the two preceding decades. The new stage began during the Second World War with a military victory — the defeat of the Nazi army at Stalingrad which marked the turning point in the Soviet-German war. This was followed by the fall of Mussolini in July 1943 which not only exposed the rottenness of that regime but signed the death warrant of European fascism which had been riding so high. At the same time the partisan struggles of the Yugoslav workers and peasants signalized the renewal of the revolutionary mass movement in Central Europe.

The end of the war saw a rush of developments which testified to the fragility of capitalist rule and the recovery of the labor movement from its paralysis. Heading the list were the Labor Party's electoral victory in England, the emergence of the Communist parties as the dominant proletarian political influence in France and Italy, the postwar strike wave in the United States; the lightning-like resurgence of the labor movement in Japan. The Soviet armies took over Eastern Europe and several years later capitalist relations were abolished there. Despite the policies of the Communist parties which enabled capitalist rule to be reestablished in France, Italy and Greece, this world-wide assertion of labor power demonstrated that the balance of forces had shifted in favor of the working class.

But the major new factor in changing the world relationship of social forces since the close of the Second World War has been the colonial revolution. This movement, which embraces three-fourths of the earth's population, has spread from one country to another and from one continent to the next with ever-increasing strength. Breaking out first in Asia, it has extended into the Middle East, Africa and Latin America. During its rise a growing number of colonial peoples have won their political independence such as India, Indonesia, Lybia and, most recently, Ghana and Malaya.

The high-water mark of the colonial revolution has been in China, North Korea and North Vietnam where it has conquered in the advanced form of a proletarian power, however distorted by its Stalinist leadership. The unfolding of the colonial revolution has been as irregular to date as the development of the socialist world revolution itself. Some peoples, like those in French Equatorial Africa, are only now entering the struggle; others like Indonesia, Ghana and Morocco have achieved national independence without winning economic freedom from imperialism; still others like China have torn loose from the clutch of world imperialism and become part of the anti-capitalist sector.

Here we cannot deal with the prob-

lems of their further development. The most important point to be noted is the stimulus the colonial struggles have given to world socialism. By upsetting the economic and political stability of the imperialist regimes, and then by their own independent national development, the still-mounting revolution in the colonies has been dealing blows to capitalism from which it can never recover. The setbacks inflicted upon the United States in the Far East by China, to England in Suez, and to France in North Africa testify to that.

The third major feature of this period has been the polarization of state power in the world between the United States and the Soviet Union which have placed themselves at the head of the contending class camps. The United States is supreme in the capitalist coalition; the Soviet Union occupies a parallel place in the anti-capitalist bloc. Because of their antagonistic economic foundations and class connections, the still unfinished cold war between them must be regarded as an expression through the system of states of the conflict between the forces of the old order and the new.

However, the most dramatic result of this shift in the world situation and the position of the Soviet Union has been the radical transformation of the fundamental conditions which fostered the power of Stalinism. As we have explained, there were three basic factors behind the rise of Soviet bureaucratism. One was the backwardness of Russian society, even after the elimination of capitalist ownership. Second was the isolation of the Russian revolution and the Soviet Union because of the failure of the socialist revolution to reach into the West. The third was the poverty in the means of subsistence, the scarcity in consumers goods.

The first two of these terrible constraints upon the Soviet Union have been considerably broken down in the postwar period. The expansion of Soviet power into Eastern Europe coupled with the triumphs of the Chinese and Yugoslav revolutions lifted the political blockade. What a difference from its situation when Hitler turned upon his temporary partner in 1941! At that moment the

Soviet Union, thanks to Stalin's unprincipled maneuvers, stood alone in the world; it was without an ally among other nations. Today, it is surrounded by anti-capitalist governments from the Baltic to the Pacific and meets with growing support from the colonial lands.

The unprecedented pace of industrial growth has converted the Soviet Union into the second economic and military power and created a qualified, literate and dynamic working class, fifty million strong.

One would think that all this would have made the Soviet bureaucracy impregnable. Actually, these developments have been shaking the ruling group to its foundations. The Stalinist autocrats know better than anyone else that the independent extension of the proletarian revolution to other countries not only imperils the monopoly of power they have wielded but undermines the reasons for their continued existence. That is why Stalin himself opposed the initiation of the Yugoslav and Chinese revolutions and then in 1948 came into headlong opposition to the further development of the Yugoslav revolution. We have since learned that friction between the Kremlin and Peking was extremely intense shortly before his death.

With Stalin gone, the dammed-up demands for an end to bureaucratic domination began to break through the iron mesh from one end of the Soviet zone to the other. Insistent demands for equality, workers democracy and national independence are sparking the anti-bureaucratic forces. This mighty movement is only in its first stages. The outbreaks in East Berlin in 1953 and in Poland and Hungary in 1956 are premonitory manifestations of this death agony of the Stalinist rulership. It will come to a climax only when it moves from the outlying regions into the main centers of the Soviet Union and the workers there set up their own agencies of power and start throwing out the detested potentates of the Kremlin.

This brings us up to the present hour. Where do we stand now and what's ahead? We have seen that over the past hundred years the socialist movement has immense achievements to its credit. Yet it remains far from its goals, even in those countries where the workers have taken power. A socialism worthy of its name as projected by the founders of Marxism means a substantial and sustained rise in the living standards of the people up to levels beyond those attained by capitalism. It means the establishment

of free and democratic control by the workers over their government and their economy, the growth of internal and external relations of equality, the fraternal association as equals of all socialist peoples. The Stalinized regimes are a gross caricature of this concept of socialism — and that is why they are marked for extinction.

The forward march of the socialist movement is still held back by a ball and chain around its feet. The chain is the dire poverty in the means of consumption that plagues the Soviet countries and the colonial areas. Their economic underdevelopment retards their progress, generates sharp conflicts within their populations, leads to bureaucratic abominations and stifles democratic forms of government.

The leaden ball is the lagging of the socialist revolution in the most highly industrialized nations of Europe and North America. These are the two sides of the central historical contradiction of our time — and they are closely connected. The areas which contain the majority of mankind cannot solve their fundamental problems and throw off their age-old backwardness without assistance from the industrialized West. There, however, the latest productive forces, nuclear energy and automation, still await the advent of great new political forces that can take full advantage of them for all mankind. These can come only from the insurgent working class.

The major tasks for the next stage of the world revolution are set by these problems.

* * *

The purpose of these articles has been to summarize the past, not to predict the future. It is not easy to foretell what will bring about still another fundamental change in the world situation. The stimulus can come from diverse developments: an economic slow-down and political shake-up with revolutionary repercussions in the capitalist world; the restoration of workers democracy following the deposing of the bureaucracy in the Soviet Union; the big blow-up of a Third World War. No one can say what the order and

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interlacing of such decisive events will be.

One thing is sure. Whatever the peddlers of sedatives for nervous ex-radicals may say, there will be sharp reversals of events in the future as there have been in the past. And the longer their arrival is postponed, the more explosive will be the events when they mature, because of the accumulation of tensions in the meantime.

In judging such gigantic movements as the change over from one social system to another, short-range views or a nationally limited outlook are worthless. In this world-wide struggle of social forces which has been going forward for a century tendencies dominant at one phase are overturned by contrary tendencies at the next big swing of events. This can be seen in the fact that the center of the socialist movement has shifted eastward from England, to Germany, to Russia, and presently to China. Its tour of the world has not yet been completed. And, we may be sure, that whatever the relays, this country of ours is on the schedule too.

It is necessary to make a realistic, properly proportioned appraisal of the world situation as it is at each stage. But a Marxist who understands that history is irreversibly on the move away from capitalism toward socialism must above all take note of what is coming to be. Many worshippers of the given fact can see no further than what is immediately dominant; they overlook or underestimate the counter-tendencies which are undoing the status quo and setting the stage for the next act in the drama of socialist development.

A South American revolutionist once said: "To follow the current is very easy; a dead and rotten fish with a bloated belly can do it. But in order to be able to go against the current, it is necessary to have ability, to exert energy and efforts, and even to risk death by drowning." We may add that, to keep from drowning, it is likewise imperative to have the life line of a scientific method for analyzing the course of events. That is provided by Marxism. To combine the two sides of the historical process — what is and what is coming

to be — in theory and practice is the work of scientific socialism and the art of revolutionary politics.

This brings us to one final point: the question of leadership. The coming stage of the international socialist revolution for which the basic conditions are now being prepared will call for a leadership with a broad view of the historical process and its requirements, which has absorbed the achievements of the past and learned its lessons, which can find its way to the mass movement as it is in the present without sacrificing the needs of the future.

During the darkest hours of the Stalinist era, Trotsky pointed out that the world working class was most of all handicapped by the bankruptcy of its official leadership. He and his earliest associates set about to re-create that shattered leadership through the development of the program and the assembling of the first forces of the Fourth International. Trotskyism represents the continuation of the work of Marx and Engels, Lenin and Luxemburg in the epoch of the decay of imperialism and the degeneration of Stalinism. That is how its place in the historical sequence will be judged.

Its foremost achievement was to teach the vanguard of the working class what Stalinism really is, how it arose and why, how to fight and replace it without yielding an inch to imperialism or succumbing in ideology or practice to reformism. Trotskyism has yet to become a mass force or a state power, yet it is a growing influence and not a declining one on the world arena and in this country. That is because the very conditions which are undermining the power of imperialism and eroding Stalinism are lending strength to the ideas and outlook of living Marxism and genuine internationalism which our movement upholds.

Signs of the changing times within the Soviet Union itself were reported by Cedric Belfrage, correspondent of the *National Guardian*, from Moscow on September 2, 1957. The change in the highly educated younger generation, he wrote, "may be judged by two recent events: a successful strike against poor food in the commissary, and the appearance on a wall-news-

paper board of a group manifesto against the distorting of Soviet history, including the role of Trotsky. This was removed and put back again, and finally the expulsion of five students connected with it was announced. A protest against this, which even the university Komsomol leader signed, was successful."

* * *

Since 1848 the socialist movement has had four different international organizations. Some people may see in this a reason for despair. It should rather be seen as evidence of the irrepressible vitality of world socialism. When an organizational form no longer fulfills the functions which brought it into being, it is cast off by a living movement which then creates a new one in accord with the conditions and demands of its higher stage of evolution.

For example, since the Civil War the American workers in their struggles against the employers have had at least four national trade-union organizations: the National Labor Union, the Knights of Labor, the AFL and the CIO. It will very likely pass through others before the organized workers settle their final accounts with the bosses. How could it be any different in the more difficult fight on the world arena against the power of entrenched capitalism?

Some people are dismayed because the Russian workers, it appears, will have to pass through a second revolution, this time of a political nature, to secure freedom and democracy. They forget that even the American capitalists had to engage in two revolutions before they won their present supremacy.

What does an unprejudiced review of the experiences and outcomes of the first one hundred years of the workers drive toward socialism tell us? It entirely confirms what Marxist theory concluded and predicted back at its beginning: "Above all else, the bourgeoisie produces its own gravediggers. Its downfall and the victory of the proletariat are equally inevitable." This is the main line to hold on to firmly throughout all the inescapable twists and turns of the historical journey mankind is making from the twilight of capitalism to the dawn of socialism.

The Deep Roots of Inflation

Can capitalism escape long-run inflation through a new industrial revolution or other means? The answer appears to be decidedly in the negative

by Albert Phillips

IN THE first part of the discussion we have seen that nineteenth-century capitalism, which was dominated by the Industrial Revolution, was able to simultaneously lower prices, expand accumulation of capital and production, lower hours of work, raise both money and real wages, and thus cumulatively expand the market despite periodic crises. Contrary to bourgeois economists, inflation as a long-range movement began about the turn of the century, and not in 1939, or 1954. We have seen that inflation began prior to significant war preparations, before state debt or, for that matter, debt in either producer or consumer goods assumed the importance it has today. This indicates that the inflationary process is rooted in capitalist production itself. It is the tendency to the falling rate of profit, along with the class struggle which is at the root of inflation, while war preparations, fictitious capital, and debt in general are derivative, although increasingly contributory, effects.

From a theoretical point of view, we saw that the tendency of the rate of profit to fall is dependent not simply on the rise in the organic composition of capital, but on the ratio established between the rise in the organic composition to the proportionate increase in labor productivity; and then by the ratio of this increase in labor productivity to the resulting increase in relative surplus value. We saw that the qualitative leap in labor productivity in proportion to the investment in capital, es-

tablished by the Industrial Revolution, tended to exhaust itself by the close of the nineteenth century. We noted that the increasing sharpness of the class struggle tended to make both real and money wages inflexible, with a definite upward bias, as well as forcing a considerable shortening of the working day.

The jaws of the vise being tightened on capitalism are formed on the one side by the falling rate of profit, and on the other by the increasing pressure mounted by the working class. The immediate result is deepening inflation. The ultimate solution for the bourgeoisie lies either in the complete crushing of the working class, or in a new industrial revolution which could provide a new breathing space for the bourgeoisie. But, as we shall see, every movement towards the rate of capital accumulation necessary for a new industrial revolution only adds in geometric fashion to the inflationary fires now fiercely aglow.

It should first be noted that a Second Industrial Revolution has been hailed before in the capitalist world.³⁴ The previous "New Industrial Revolution" took its main point of departure from the then relatively new automobile industry, with its em-

34. Note, for example, "The Second Industrial Revolution and Its Significance" in the May 1930 *Annals of the American Academy of Political and Social Science*. According to the editor of the series, "The contributors are authorities in their respective field — economists, engineers, businessmen, educators, authors, statisticians, lawyers. They represent a cross section of American constructive thought — capitalists, socialists, labor leaders, liberals, conservatives." See also Walter Meakin in *The New Industrial Revolution* (Brentano's, New York, 1928) in which we read that "the suggestion that nothing less than a new industrial revolution is involved in the process of 'rationalization' may be so sweeping a statement as to need justification. This will be found in the following pages . . ." (p. 7) Meakin devoted most of his analysis to the developments in Germany.

phasis on mass production for a mass market, with smaller profits per unit. An extremely important part of this movement was the process of "rationalization" of production through the Taylor and Bedaux systems. In the final analysis, this earlier development was actually closer to a true industrial revolution than the development centered today around automation in the capitalist world, from the point of measurement of a leap in labor productivity in relation to the increase in the organic composition of capital. To this we shall return below. But in any case, we are aware that this "Second Industrial Revolution" ran its course very quickly, leaving relatively little impact on the society around it and succumbing swiftly to the general trends firmly established in capitalism. That is to say, the simultaneous ability to reduce hours of work and prices, and increase profits and wages at the same time — the characteristic achievements of expanding capitalism — was evident not for a century but for less than a decade; a decade which ended in the most drastic and lengthy depression in the world history of capitalism.

Is there any evidence that "automation" will have any greater, or as great an impact, coming as it does when the declining rate of profit presses harder on the possibility of revolutionary changes in over-all technique; when the working class is better organized; when the state, in the total interest of the capitalist class, must make ever greater demands upon production and upon the profits available for capital accumulation? Or does the evidence point in

This is the second part of a discussion article on long-range inflation. The first part appeared in our summer issue.

the direction feared by Sir Dennis Robertson, referred to above [p. 95 of the summer *International Socialist Review*], where he equates even a relatively low rate of growth of capital accumulation with a further inflationary surge?

It is now at least ten years since the world was promised, or threatened, with a new industrial revolution. It is a period long enough to show evidence of its direction. Some sections among the bourgeoisie speak in terms of a long, gradual reduction in the work week. One recent report dreams that "in another century we shall be able to produce as much in one seven-hour day as we now produce in a 40-hour week."³⁵ Others fear a great shortage of labor as they point to the planned rate of accumulation of capital for the next decade and a half. For all their optimism on the grand scale, these gentlemen are obviously badly worried by the inflation which they can neither explain nor control; an inflation which momentarily threatens to burst all restraints even in the face of cut-backs in military spending; in the face of raising the discount rate;³⁶ in the face of a certain increase in the productivity of labor; in the face of unsold goods and rising unemployment.

The fact is that the costs of production are going up, and all indications point to a continuation, indeed an acceleration, of this trend. This is becoming so clear, and so helpless against it is this "new industrial revolution," that the American capitalist class is becoming increasingly reluctant and unable to automatize on a large scale. We are now not far removed from the situation Britain faced some years ago, when their capital plant was becoming obsolete and they proved unable to transform in order to compete on the world market. Some among the spokesmen for the bourgeoisie, under the pressure of circumstance, are forced to rise above the confines of American exceptionalism and to view the fate of the American economy against the fate of capitalist economies abroad.

35. U.S.A. in *New Dimensions* (Twentieth Century Fund, July 15, 1957).

36. In September 1957 Great Britain raised its discount rate an entire 2% to a very high 7%.

Professor Harold B. Wess, for example, of the Business School of the American University warns that "If the major trends in our country of the last twenty-five years are not reversed we will end up in the same plight as Great Britain and France now find themselves, or perhaps in an even worse condition . . ."³⁷ Fantastic as it may seem to impressionists looking at our economy, the position referred to is that of near bankruptcy.

A striking illustration of the reason for Great Britain's difficulty, and an even more significant example of the increasing cost of capital in relation to the increase in labor productivity is given in the following passage by none other than Georgi Malenkov: "It may be considered an established fact that in raising labor productivity decisive importance attaches to furnishing labor with electric power facilities at a rate that outstrips the growth of labor productivity.

"Turning to the experience of capitalist countries in this connection, the following example may be cited. The labor productivity of the U.S.'s manufacturing industry increased by 31% between 1939 and 1953 while labor's electric power facilities increased by 60%. U.S. economic literature states that a 35% rise in labor productivity between 1950 and 1962 will necessitate an 84% increase in the electric power furnished to labor. The British, whom the Americans are squeezing in both their export and their home markets, explain their lag as primarily due to the inadequate equipment of labor with electric power, and consider this the principal explanation for the fact that British industry's labor productivity is significantly lower than American industry's."³⁸

Now a 35% increase in labor productivity in twelve years, a little under 3% a year, is in the first place hardly an indication of an industrial revolution. In the second place, the increasingly disproportionate increase in the cost of capital investment to the rise in labor productivity

37. Quoted by Arthur Krock in the *New York Times*, June 7, 1957.

38. Malenkov's speech at the Twentieth Congress of the CPUSSR, *Pravda*, February 19, 1956. (As translated in the *Current Digest of the Soviet Press*, VIII, No. 9.)

betokens inflation, and not a new industrial revolution. We note parenthetically that Malenkov has made it a matter of record that the nationalized economy in its Russian form, is not immune from the problems facing the western capitalist world. But this is subject matter for separate treatment. Let us investigate more concrete evidence of the increasing inability of the bourgeoisie to carry through their "new industrial revolution."

Glen R. Fitzgerald, director of General Motors' Process Development Section, told a meeting of the American Society of Mechanical Engineers that "we must be sure we do not overmechanize simply because we believe it is automatic — it must be good . . . Studies show that as the ultimate in mechanization is reached, equipment costs increase at a much more rapid rate than the decrease in labor costs."³⁹ Ralph E. Cross, vice-president of one of the more important firms manufacturing automated equipment, said that his company "could have cut in half the number of workers still on the Plymouth engine assembly line by further use of automation, 'but the cost of the engine would go up if we did. The objective is not to reduce labor, but to get the proper balance between mechanization and labor, so that we will get the lowest possible part cost.'"⁴⁰ Ford has rejected an automated testing set-up already in use at Plymouth on the grounds of too high costs. Increasing caution is reflected in a recent report of the American Society of Tool Engineers, a group that might be suspected of partiality to automation per se, which found that only 17% of all industrial operations in highly industrialized Michigan are even capable of being automated.⁴¹

In some comments on a study by the Bureau of Standards of the cost of automatic assembly of components of radio, television, etc., as compared with hand assembly, we note the following: ". . . MDE (hand) requires a capital investment of \$82,000 for a productive capacity of 400 units per hour. MPE (automatic) requires a

39. *Detroit News*, November 29, 1956.

40. *Detroit News*, May 21, 1956.

41. *New York Times*, August 14, 1957.

capital investment of \$665,000 for a productive capacity of 405 units per hour. For a less than 10 per cent decrease in the cost of production, your electronics capitalist must increase his capital investment by over 700 per cent!"⁴²

The capital coefficient, a term meaning the amount of investment in plant and equipment necessary to add one unit to annual production, is coming under increasingly careful scrutiny by statisticians, as for example by the National Bureau of Economic Research and the specially formed Leontieff group at Harvard. We can understand why. We have indicated above that the tendency for the capital coefficient to increase had already begun to show itself in the nineteenth century, although in a far less acute form. We can in any case recognize here the Keynesian marginal efficiency of capital and its tendency towards zero, or on a broadened version, the Marxist declining rate of profit. One recent study shows that with 1941 as 100, total output per unit of producers durable goods dropped by 1952 to an index of 70.⁴³

The following illustrations from the steel industry will be perhaps even more helpful: Charles M. White, president of the Republic Steel Corporation, said recently that the current expansion program of his company would cost around \$85 a ton. He added, "The next substantial increase in capacity beyond our present program will have to be built at a higher cost — not the \$85 per ton we have been able to get away with up to now but a figure somewhere in the vicinity of \$200 per ton. And the other steel companies are in about the same fix. And when we are through with that kind of expansion, the next step will be an entirely new plant at \$325 per ton, which will include not only the cost of plants and auxiliary facilities but of essential raw material reserves as well. That can mean only one thing, as far as I can see: a thorough review of our entire pricing policy."⁴⁴

42. Lynn Marcus, "Automation — The New Industrial Revolution" in *Fourth International*, Spring 1954.

43. Edward F. Denison, of the Department of Commerce's Office of Business Economics, in *Problems of Capital Formation* (National Bureau of Economic Research; *Studies in Income and Wealth*, IX, Princeton University Press, 1957), p. 255.

44. *New York Times*, May 23, 1956.

A. B. Homer, president of the Bethlehem Steel Company, estimated that the cost of achieving a 50% increase in capacity would range in the period up to 1971 from \$100 to \$500 a ton. For Bethlehem, he estimated net profit to be about \$7 per ton of ingot capacity — not "too good" a result on an investment of \$100 a ton and "3 times as bad" if the investment is \$300 a ton.⁴⁵ For the steel industry as a whole in the recent past, its "total costs . . . per hour worked have advanced since 1940 at the rate of 8.2 per cent a year, compounded." In 1955, it took 40% more profits than in 1950 to pay the same returns on investments in the steel industry, while its long-term debt has tripled since 1946.⁴⁶

In the public utilities sector of the economy alone, it has been estimated that the cost of construction of electric plant, which is only part of the costs, would rise by 1970 from less than \$4 billion a year to \$11 billion yearly.⁴⁷

In the area of current cost, it is estimated that a minimum of \$25 billion a year is needed simply to maintain existing plant and equipment;⁴⁸ that it would take \$125 billion simply to put the nation's industrial equipment as a whole in "first class condition," an amount equal to one-quarter of the 1956 valuation of all industrial plant and equipment, and not much below the 1952-56 total of \$152 billion spent on new plant and equipment;⁴⁹ that approximately 20% of the machine tools in the U.S. are at least twenty years old, about 43% are ten years old, and very few of these have automatic controls like the latest models.⁵⁰ This may give us some inkling of the staggering cost of a "new industrial revolution," a phrase so casually tossed about. It indicates, too, why every movement towards such a total transformation threatens at the same time a runaway inflation.

45. *New York Times*, November 28, 1956.

46. *New York Times*, July 24, 1956.

47. *New York Times*, November 28, 1956.

48. Del S. Harder, Executive Vice President of the Ford Motor Co., in a speech published in the *Ford Rouge News*, November 23, 1956.

49. Estimate by Dexter M. Keezer, head of the Economics Department of the McGraw-Hill Publishing Co., *Detroit News*, February 9, 1956.

50. *Business Week*, October 1, 1955.

The accumulation of capital is the central reason for being of the capitalist system. It is therefore difficult to conceive of a bourgeois regime that freezes public and private investment at the existing rate. And yet the force of the contradiction is so great, the danger of runaway inflation so pressing, that the Tory Government in England took precisely this step in September 1957, while at the same time raising the discount rate, the cost of borrowing, to a fantastic height.⁵¹ The underlying similarity of the crisis in Britain and the United States is emphasized by the fact that on September 23, 1957, barely two days after the British action, Eisenhower in an address to the Boards of Governors of the World Bank and International Monetary Fund "called on the financial leaders to consider carefully whether their programs of expansion and investment are too large."⁵² What a confirmation of the major thesis of Marx's theoretical structure — that the ultimate barrier to capitalist production is capital itself!

Let us look at the same process through another way of measurement. Lewis Corey, one of the few American Marxists to have done serious work on the American economy, says: "That the rate of profit tends to fall is an observable and acknowledged fact. An indirect proof is the constantly larger capital investment necessary to produce a unit of product. In American manufactures, fixed capital rose 1,758% from 1849 to 1889, output only 1,170%."⁵³ But that was in another century and before the death agony of capitalism. What is happening today in this relationship makes the figures that Corey cites pale into insignificance. The total output of all goods and services in 1953 dollars went from \$187.9 billion in 1939 to \$367.2 billion in 1953, a rise somewhat under 100%. But in order to achieve this increase, business expenditure for new plant and equipment rose from \$5.5 billion in 1939 to \$27.8 billion in 1953, an increase of close to 500%. Even if we were to allow for some

51. *New York Times*, September 21, 1957.

52. *Detroit News*, September 23, 1957.

53. Lewis Corey, *The Decline of American Capitalism* (Covici-Friede, New York, 1934), pp. 122-23.

under-utilization of man power and capacity in this period, the relationship would show little change. The CIO estimate is that with full employment, total output would have risen to somewhat more than double, rather than a little less than double.⁵⁴

Part of this picture is the course of labor productivity, output per man hour, in relation to the pace of investment in capital goods. Half of the total 1954 valuation of capital goods, some \$500 billion, had been purchased since the start of 1946. In the period from 1952 to 1956 a total of \$152 billion was spent on new plant and equipment. This gives us at least a rough idea of the tremendously concentrated increase in capital accumulation in the past decade. What has been the corresponding growth in the productivity of labor in the whole economy?

As against a long-term average annual increase in productivity of roughly 2½%, the years from 1947 to 1956 show an annual increase of from 3.0 to 3.6%⁵⁵ How significant is such an increase when compared with the demands of an industrial revolution; or when measured against the proportionate increase in the organic composition of capital; or even when it is looked at in relation to recent periods in the past? Ewan Clague, Commissioner of Labor Statistics, says, "To the question, is there any indication that there has been a significant gain in productivity in the post-war period, owing perhaps to automation? The answer is substantially no . . . as far as our figures are concerned, there is nothing more spectacular occurring in manufacturing productivity now, after World War II, than there was after World War I. In fact productivity rose faster from 1919 to 1925 than it did from 1947 to 1953."⁵⁶

But by November 1956 a high government official is quoted as saying that "Something worries me more than prices. In the past year — if our statistics are right — there has been very little increase in productivity. What the cause is I wish I knew. I

still don't understand it."⁵⁷ He concluded by estimating that productivity for the past year had gone up about 1%. In commenting on a recent study, Burton Crane of the *New York Times* says, "It is interesting to note that since the end of 1953 the rates of gain in both wages and productivity have fallen below the long-term trend line. In fact, actual productivity over the past nine quarters has gone down a trifle . . . Somebody had better do something about increasing productivity."⁵⁸ But what other path is there for the bourgeoisie except to invest more and more in plant and equipment, until they are stopped either by a crash, or by their own government which is being forced to recognize the self-contradictory character of their mad race against the declining rate of profit?

The bourgeoisie is in a terrible dilemma. It is aware that the solution of the neo-classical Austrian school, a depression which would drive out the more inefficient producers, tend to devalue existing capital, and break through the wage level by creating unemployment, would threaten a revolutionary upheaval, and at best would provide in directly economic terms only a temporary solution, if that. On the other hand, it is recognized that the same upheaval will take place if inflation is unchecked. The middle road, taken by England and proposed by Eisenhower here, is no alternative at all. The proposal to freeze the economy at existing levels, to hold everything motionless as is sometimes done as a joke in the movies, is impossible. Not only is it contrary to the inner essence of capitalism which is to expand or to die, but it is also contrary to the logic of the class struggle. The needs and desires of the working class cannot be frozen by either request or command from the bourgeoisie or from their lieutenants within the working class.

It would not be amiss at this point to take a quick glance at the question of wages and administered

prices, the main objects of attack in the current debate.

We have up to now discussed the characteristics of twentieth-century capitalism and automation with regard to the first of our decisive ratios; that established between the degree of change in the organic composition of capital to the consequent degree of change in the productivity of labor. The second, as we know, deals with relative surplus value.

There can be little doubt that both real and money wages have shown a long-range rise in the twentieth century as well as the nineteenth. With 1926 as 100, for example, average hourly earnings rose from 30.6 in 1900 to 102.3 in 1934, with drops in 1921-22 and during the depression years. In terms of real wages, with 1926 as 100, the index rises from 64.5 in 1900 to 131.4 in 1934.⁵⁹ It is of course true that the rise in wages lagged behind increases in productivity and in the national income, so that a relative comparison would show a somewhat different picture.

Nevertheless, the complaint of the bourgeoisie against wage levels has for them a certain degree of legitimacy, especially in the most recent period. Ordinarily in the past, periods of rising prices have left wages further behind than appears to be true today because of the higher extent of organization and resistance of the working class. According to the CIO, with January 1953 as 100, average straight-time earnings went up to 120 by May 1957, about keeping pace with price increases.⁶⁰

The important thing here, however, is that a revolutionary working-class leadership would challenge the inability of capitalism to accomplish in the present what it was capable of doing in the nineteenth century; i.e., lower prices, lower hours, increase wages, and expand production. It would challenge the bourgeoisie to either put up or get out of the way and let the proletariat reorganize society to accomplish precisely what capitalism is no longer capable of doing. The transitional steps would include a 30-hour week

54. *Economic Outlook* (CIO), April 1954.

55. *Labor's Economic Review* (AFL-CIO), June-July 1957.

56. *New York Times*, September 5, 1956.

57. Joseph A. Loftus, dispatch from Washington, *New York Times*, November 23, 1956.

58. In a review of *Wages, Prices and Productivity — A Wall Chart* — prepared by Eddy-Rucker, Nickels, Co., *New York Times*, May 28, 1956.

59. Moulton, *Income and Economic Progress*, op. cit., p. 185.

60. *Labor's Economic Review*, op. cit.

at 40-hours pay, increased basic wages and lower prices. But this subject is not within the scope of our present discussion.

The rise in wages notwithstanding, the fact remains that those economists, including so-called "liberal Democrats" of the Seymour Harris-John Galbraith type who would place responsibility for the present inflation in equal proportion on labor and capital, cannot substantiate their position. Over the past four years, according to government figures, labor's share in the national income rose 3.7%; small unincorporated business dropped 4.5%; farmers went down 36.5%; while corporate profits increased by 16.4% and interest income rose 40%.⁶¹ Thus the total increase in the share of national income was 56.4% to profits and interest combined while labor's, again, was only 3.7%. Indicated here is an interesting relationship between profits and interest which we will comment on below, but for now it should be clear that the responsibility for inflation does not rest in the consumption section of the economy. In this connection we further note the report of the Bureau of Labor Statistics: "The index for unit labor costs was lower than the price index for every year prior to 1956, although the difference was very slight and probably insignificant in 1953 and 1954."⁶²

On the other hand, those who believe that artificially high administered prices and profits are the cause of the inflation are not much closer to the truth. In reality prices cannot be set and maintained for any considerable period of time by any group, no matter how determined or seemingly powerful. The economic laws of motion of capitalism remain more powerful than the will of the capitalist class. And the competitive struggle for an increase in labor productivity finds its way through the medium of the world market even through the state monopoly of foreign trade in Russia. As Galbraith of Yale correctly maintained,⁶³ administered prices are neither morally

improper, nor a transient phenomenon. Basically they are not actually "administered" at all. They are nothing less than the reflection of the need for capital to accumulate in the teeth of the falling rate of profit at an advanced stage of its operation. The magnificently self-styled "democratic" alternative proposed by Walter Reuther, to the effect that the corporations ought to go into the stock market rather than depend on high prices and internal accumulation, is a fantasy. If his advice were followed to the letter, the probability is that prices would go still higher because of the rise in discount and interest rates.

As a matter of fact, a recent report⁶⁴ indicates that business concerns raised more funds through the sale of new stock in the first half of 1957 than in any first half year since World War II, and that the higher long-term capital requirements were financed in increasing degree from security issues. This has taken place despite the fantastically high "administered prices."

There is evidence, indeed, to indicate a decline in profits in the post-Korean period. The typical profit ratio for manufacturing corporations in the pre-Korean and Korean war periods was 11%, while the typical ratio in the period since, before taxes, has been 9%.⁶⁵

The combined pressure of the declining rate of profit and the resistance of the working class first manifested itself in rising prices at the opening of the twentieth century. By the middle of this century the pressure has become so intense that the capitalist state, as we have seen, has begun to intervene to slow the accumulation of capital itself. But there is yet another phenomenon characteristic of this century as contrasted with the last, which, while developing out of the basic pincers movement we have been describing, takes on a life of its own, and returns to add fresh contradictions, illusions, and further fuel to the inflationary holocaust. That phenomenon is the growth of debt.

Of the three major debt-developing areas, production, consumption and state debt, in the nineteenth century only the first had begun its real growth. Even in the field of production, as we have earlier noted [p. 97 of the summer *International Socialist Review*], it was still possible for Carnegie towards the end of the century to personally finance a tremendous expansion in the production of steel. By the turn of the century such developments became increasingly rare. The growth of personal fortunes, great as they were, could not keep pace with the growing level of capital accumulation. Stocks, bonds, and bank loans became the primary means of filling the gap. And if by 1916, that is, after 116 years of capitalist development, the total net corporate debt stood at \$40.2 billions, by 1952 it had risen to \$167.4 billions, while by 1956 it stood at \$208.2 billions.⁶⁶ That is, in the latest four-year period alone, corporate indebtedness rose slightly more than it did in the whole earlier 116-year period.

In the years from 1921 to 1929, corporations expanded long-term indebtedness by 111% while national income rose only 29%.⁶⁷ In 1952, corporate debt was about 43.5% of assets, which represented an increase of 5% since 1945.⁶⁸ Figures quoted above indicate that external financing is increasing relative to internal financing, and although this relationship has not always held true, Reuther's advice to the corporations seems somewhat superfluous.

In the area of consumer debt, we know that buying on credit did not develop until well beyond the turn of the century. But by the beginning of 1957 total consumer debt was over the \$40 billion mark.⁶⁹ It has risen 400% since 1939, "considerably faster," said the U.S. Chamber of Commerce with a noticeable degree of understatement, "than consumer income."⁷⁰ Capitalism is beset not only with contradictions in production,

66. *Survey of Current Business*, September 1953, pp. 14, 17; May 1957, p. 21.

67. Evans Clark, *Internal Debt of the U.S.* (Twentieth Century Fund; Macmillan Co., New York, 1933), pp. 16, 17.

68. Daniel H. Brill, Board of Governors of the Federal Reserve System, in *Problems of Capital Formation*, op. cit., p. 178.

69. *New York Times*, January 2, 1957.

70. *New York Times*, February 15, 1957.

61. As quoted by Senator Kerr (Dem., Okla.) while questioning Secretary of the Treasury Humphrey, *Detroit Free Press*, June 26, 1957.

62. As quoted in *Labor's Economic Review*, op. cit.

63. Editorial in *New York Times*, July 17, 1957.

64. *Survey of Current Business*, Department of Commerce publication, September 1957, p. 7.

65. Figures for manufacturing corporations from Federal Trade Commission and Securities and Exchange Commission by Edwin L. Dale Jr., *New York Times*, May 11, 1957.

but also with contradictions in the relations between production and consumption. This would seem clear enough evidence, if more were needed, that wages are not too high, but on the contrary not high enough to pay for goods already produced and sold. But in order to avoid any misunderstanding with readers who may believe that the road to the solution of the difficulties of capitalism lies in raising wages and thus increasing the market, let us repeat that the difficulty lies in the falling rate of profit and labor productivity; in production and not in distribution. And without solving the contradiction in production, the increase in wages can only intensify the capitalist crisis.

The negative character of debt is nowhere more clearly seen than in the sector of state indebtedness. Over the long haul it has become an increasingly large percentage of our national income. In 1799 it ran about 10% of national income; in 1919 it was 41%; by 1945 it was 142%; and by February 1946 it was 160%.⁷¹ These figures do not mean that it constantly and unilaterally went up. There have been many fluctuations. But the main line remains clear. And while it is obvious that war spending has been a major cause of the qualitative rise in state debt, it is not the only cause. The increasing acuteness of capitalist contradictions has drawn the state into ever widening sections of the economy. We note that in the summer of 1940, when the World War II program had barely begun, the state debt "was nearly twice as large as it had been in the year 1919, which marked the peak of the debt incurred in connection with World War I. War has undoubtedly reenforced the trend towards expansion of the public debt, but it cannot account for the trend itself."⁷²

In absolute terms the federal debt takes on equally fearful proportions. If in 1940 it was above \$40 billions, and the then Secretary of the Treasury Morgenthau was reluctant to raise the statutory limit above \$50

71. *Our National Debt* (Committee on Public Debt Policy; Harcourt, Brace & Co. Inc., 1949), pp. 12-13.

72. Anatol Murad, *Private Credit and Public Debt* (Public Affairs Press, Washington, D.C., 1954), p. 54.

billion,⁷³ today the debt is at the \$275 billion level. The present discussion is whether or not to raise the statutory limit to \$300 billion, and this under a regime of "sound money" men.

But the national debt, which is nothing more than a paper reminder of values already consumed or destroyed, does not just stand off by itself. It leads through a thousand veins into the heart of the capitalist credit and finance structure. We have earlier noted that over the past four years the increase in the national income accruing to interest payments rose 40%, as against 16.5% for profits. Let us give just one example of the forces making for such a division.

With two big issues of notes coming due, the government this year (1957) offered nearly \$13 billion in new 12-month plus notes bearing 2¾% interest in exchange for the two maturing issues which bore only 2½% interest. The difference in interest was estimated at \$100 million. Nothing new has been created, but in the course of this one little transaction that much new "capital" has been manufactured out of thin air. Seven billion dollars a year is paid out in interest on the total national debt, a tidy sum which the government might well meet by issuing new notes as in the instance above.

The national debt is held in great part by corporations and banks, who by the magic of capitalist bookkeeping list it as assets on their books. In July 1953, for example, according to the *Federal Reserve Bulletin*, corporations, insurance companies, and banks held in the neighborhood of \$125 billion of government securities, with banks holding the lion's share. Directly or indirectly these securities become the basis for new loans and investments. At the beginning of 1957 the American Bankers Association called for a change in regulations which would allow them to make \$10 in loans based on \$1 in reserves instead of the present six to one ratio.⁷⁴ Even if the reserves represented actual wealth, the banks are still creating paper wealth and

73. Editorial in the *New York Herald Tribune*, January 31, 1940.

74. *New York Times*, January 25, 1957.

demanding the right to increase their ability to do so. But what are these reserves in the first place? In the immediate past banks have been selling government securities in order to bolster reserves for loans and investments. In the feverish world of capitalist finance, paper capital grows in geometric fashion, while real production faces the reality of the declining rate of profit.

The sicker the system, the more debt appears as wealth, the greater is the production of fictitious capital. By 1957 the U.S. Chamber of Commerce estimated total public and private debt at close to a trillion dollars.⁷⁵ While net public and private debt rose from \$82.1 billions in 1916 to \$552.7 billions in 1952,⁷⁶ gross national product rose from \$46.2 billion in 1909 to \$143.8 billion in 1950.⁷⁷ That is, in a roughly comparable period, while production of goods and services rose about 3.25 times, net debt rose more than 6.5.

We have seen that all movements in the direction of increasing labor productivity qualitatively only add to the inflationary movement. But what about a socialist society? There are those who ask if a nationalized economy would not face the problem of an increasing rate of capital investment for a decreasing rate of increase in labor productivity. We are aware that in the Soviet Union, at any rate, this is indeed an acute problem.⁷⁸ This important question deserves, and it is to be hoped, will soon receive analysis. But it is clear that capitalism can offer only increasing contradictions; poverty in the midst of potential plenty; inflation combined with depression; "little" wars in the midst of so-called "peace"; and increasing contamination from nuclear fallout as the H-Bombs are tested for use in another world war.

75. *New York Times*, February 15, 1957.

76. *Survey of Current Business*, September 1953, p. 14.

77. John W. Kendrick, *National Productivity and Its Long Range Projection* (National Bureau of Economic Research; Long Range Economic Projection; XVI, *Studies in Income and Wealth*, Princeton University Press, 1954), pp. 82-83.

78. See, for example, Maurice Dobb, *Soviet Economic Development Since 1917* (International Publishers, New York, 1948), p. 239; Malenkov in the *Current Digest of the Soviet Press*, November 8, 1952, p. 51; also Malenkov as quoted in the *New York Times*, August 10, 1953.

Corliss Lamont on Humanism

by Joseph Hansen



THE PHILOSOPHY OF HUMANISM, by Corliss Lamont. Philosophical Library, New York. First published 1949; revised edition 1957. 243 pp. Cloth bound \$2.50; paper back \$1.45.

Dr. Lamont's acceptance of nomination as candidate for Senator from New York on the United Independent-Socialist slate has stirred fresh interest in this well-known civil libertarian. A philosopher willing to join directly in political struggles is not common. A philosopher in public opposition to both the Republican and Democratic machines is rarer still. And an American who feels so strongly about the danger of war that he is willing to campaign for high office on a socialist ticket breaks with virtually everything that is commonly accepted about the ways of philosophers. The revised edition of *The Philosophy of Humanism* should, therefore, gain attention as the best available statement of this liberal thinker's fundamental views.

As Dr. Lamont emphasizes, Humanism is not new. It was a significant current in Greek philosophy; and its modern development began with the Renaissance some six hundred years ago. Its central tenet is that mankind's concern should be mankind.

Humanism arose in opposition to the rule of the supernatural. Whatever concessions to the other world Humanists have made, out of inconsistency or to avoid martyrdom, Humanism as a special philosophical current takes mankind as its first premise. Gods and devils and their heavens and hells are therefore recognized only as products of the human mind.

In this tradition, Dr. Lamont presents the case of science against religion. Since the author is not interested in persuading other philosophers but in enlightening readers unfamiliar with the technical and often obscurantist language of philosophy, the book is

pleasantly easy to read. Anyone whose intellectual development began under the influence of America's prevailing pietism will recognize the usefulness of this compilation and fresh statement of facts and arguments in helping others to find their way to the free-thinking world of science.

Humanism exists in many varieties, including even a type that sees value in religion. The use of "Humanism" to describe such a self-contradictory outlook is "most questionable," in Lamont's opinion. He specifies his own variety as "naturalistic." "I bring in the adjective *naturalistic* to show that Humanism, in its most accurate philosophical sense, implies a world-view in which Nature is everything, in which there is no supernatural and in which man is an integral part of Nature and not separated from it by any sharp cleavage or discontinuity." (p. 18)

Lamont places "the followers of Karl Marx" in the category of naturalistic Humanists. "While the Marxist materialists disagree sharply on certain philosophic issues with me and with other Humanists, particularly in their ambiguous attitude towards democratic principles, they are unquestionably humanistic in their major tenets of rejecting the supernatural and all religious authority, of setting up the welfare of mankind in this life as the supreme goal, and of relying on science and its techniques." (p. 21)

A distinction exists, in Lamont's opinion, between Naturalism and Materialism. Both view the ultimate reality as matter in motion, out of which evolved the universe, the solar system, living things and finally human beings; but Naturalism does not lay so much stress on this philosophical foundation.

"Like Naturalism, Materialism relies first and foremost on scientific method, believes in the ultimate atomic structure of things and finds in Nature an order and a process that can be expressed in

scientific laws of cause and effect. But Materialism has stressed matter as such more than Nature and tended until recently to over-simplify and over-mechanize, reducing in theory the whole complex behavior of living creatures and human beings to the operation of the same laws that apply to inanimate existence . . . Another point about Materialism is that it has usually gone hand in hand with an outspoken anti-religious position and has been less prone to compromise with religious terminology. It has also often been associated, particularly in modern times, with radical political movements. Naturalism's less militant attitude in general is perhaps the chief reason why it is sometimes called a 'polite' Materialism." (pp. 31-32)

It is not quite accurate, in my opinion, to state that the particular disagreement Marxist materialists have with Dr. Lamont's philosophical position centers on the question of democracy. I take it that such a conclusion derives from the author's criticisms of dictatorial practices in the Soviet Union and the People's Democracies which have not been welcomed by the defenders of bureaucratic rule.

In projecting "A Humanist Civilization" as a goal for the future, this protagonist of civil liberties in the United States appears to continue the debate with his critic in polite form; he urges "complete democracy as both an end and a means."* Thus Lamont's affirmation of democracy implies rejection of Stalinist authoritarianism. But this is in the tradition which views socialism as the logical extension and

* The dialectical answer that "complete" democracy signifies the appearance of something new, transcending "democracy," is not germane here; while it is false to argue that democracy had to be sacrificed in the USSR for the sake of speedy industrialization — the speed under workers democracy would have been greater. What is germane and inescapable to any defender of civil liberties is the withering away of democracy in countries where the state is supposed to do the withering away.

development of democracy. One must say that in adherence to the principle of democracy, the Humanist, despite his apparent acceptance of politics and the state as absolutes, is closer to Marxism than his Stalinist critics.

The basic difference between Humanism and Marxism lies, I think, in the concept of *mankind*. In the Humanist view, human nature is regarded as an ultimate; it is the foundation on which this philosophy builds its structure. But human nature is never seen in isolation; it manifests itself through society. The Humanist cannot escape this. However, because of his basic premise, he ascribes the evils in society to evils in human nature; he likewise ascribes progress in society to human nature — to its good side, the tendency toward rationality. For example Lamont says, "While it is true that uncontrolled human desires are the prime cause of evil in the world, it is equally true that human desires directed by reason toward socially useful goals are a prime foundation of the good." (p. 191) The concept of mankind is reduced to opposing abstractions of quite vague nature, the rational and the irrational.

Marxism reverses the relationship which the Humanist sees between human nature and society. In the Marxist view, society is prior. People are born in a society, a society of definite structure, and this society, taking humans in their plastic infancy, is decisive in shaping their nature. But society has a logic of its own. It is capable of changing its molds and even of causing revolutions in the nature of already-shaped individuals. Since the primitive era it has stimulated the rise, decline and succession of opposing classes. These stages in the progress of society have been determined in the final analysis by the evolution of the means of producing food, clothing and shelter. The "good" or "evil" effect of forces, circumstances, and struggles is related to their ultimate effect on labor productivity. The pivot is the social structure which is "good" if it corresponds to the development of the technological base, "evil" if it has become antiquated and a brake on technology.

This way of deriving our abstractions is more complex than the Humanist way but it has the advantage, it seems to me, of yielding a richer concept of mankind, one that more closely reflects the complex reality. Moreover, we have not departed from the common concern which Humanist and Marxist share, the welfare of mankind.

There is, however, an immediate difference in what the Humanist and Marxist regard as human. The pleasure we feel in eating, drinking and procreating does not distinguish us much from other animals; our use of tools and machines does. Yet under capitalism today few workers feel like humans handling tools and machines to provide themselves and society with

sustenance; they begin to feel human only when the whistle blows and they are free to turn to their animal activities.

A more important difference in the Marxist and Humanist concepts of mankind is that according to the former, definite classes carry forward at a definite time the interests of humanity as a whole. At another definite time the same classes cease this progressive work, become an obstacle to progress, and therefore become anti-human. Humanism largely disregards the class struggle. It sees as the real struggle in society the opposition between good and evil impulses in the all-too-human human; it sees rationality on the side of the good and believes that humans have freedom of choice, despite class differences, once they understand what is rational.

In the Humanist view the individual is rare, no matter what class he belongs to or represents, who fails to seek the common good or whose mind is closed to rational appeal. In the Marxist view the individual is rare in a reactionary ruling class, particularly in the capitalist epoch, who responds to rational appeal and comes over wholeheartedly to the cause of the oppressed class that represents the future of humanity.

This difference is illustrated in rather striking fashion in *The Philosophy of Humanism*. For example, to bring home his point about the need for economic democracy, Lamont cites the "extensive program" outlined by Roosevelt in his message to Congress January 11, 1944, about an economic "Bill of Rights."

I submit that the President's message was demagogy. The shrewd political leader of American imperialism, incubating the egg that Truman hatched the following year over Hiroshima, aimed at diverting attention from the war-profiteering of the monopolies and allaying war-weariness among the armed forces and civilian workers. So he took to the headlines, choosing the Congressional representatives of Big Business as an audience of about the right receptivity for a lecture on the desirability of economic democracy. The Humanist inclines to accept such rational-appearing politics at face value because it corresponds with his basic thesis about the good in human nature; a Marxist looks for its true meaning in the structure of society; i.e., in the class struggle.

The practical outcome of the central theoretical difference between Humanism and Marxism is even more revealing in the field of current political issues. The greatest danger humanity has faced in its entire history is atomic war. Agreement is universal on the need to avert the danger and to establish enduring peace. Yet the ominous testing of atomic weapons proceeds as if no course were open for mankind but a "rendezvous with destiny" in World War

III. How can peace be achieved? The solution to the old problem of the relationship between ends and means has become truly crucial.

Trotsky observed that through fascism history had exacted a stern penalty from the working class for failure to learn dialectics. Even that penalty, it seems, was not severe enough. Through nuclear contamination of the earth's atmosphere, the penalty now has become damage to the genes we pass on to the future. Nuclear scientists warn that life itself can be extinguished in another war. It would seem time we paid serious attention to the *means* of achieving peace.

Here, regrettably, Humanism registers failure. "In the twentieth century," writes Dr. Lamont, "the idea of a federation of free states became embodied in the League of Nations, which collapsed with the outbreak of World War II, and in the United Nations, which was created at the conclusion of World War II. Both these organizations were founded upon the principle of collective security, namely that the peace-loving countries of the earth should band together against any aggressor or potential aggressor and speedily put an end, by means of collective action and mutual assistance, to war or the threat of war. For Humanism the principle of collective security is a vital one in international affairs." (p. 234)

The League of Nations "collapsed with the outbreak of World War II"; in other words, as an instrument of peace it worked only in the absence of war. But the collapse was predicted by the Marxists. And how were they able to make this successful prediction? Because they observed that the League of Nations was set up by the imperialist powers in opposition to the socialist program for peace. The League of Nations therefore served as a means of diverting attention from the only possible means of achieving enduring peace. It created illusions that actually facilitated the imperialist preparations for World War II.

What about the United Nations? Its origin was similar with two exceptions: (1) the Soviet government, under Stalin, participated in its formation; (2) the United States, mightiest of imperialist powers, sponsored it, stayed in it, and dominated it. The UN is really a refurbished League of Nations. The UN's course has not been appreciably different from that of the old League. The UN flag flew at the head of the troops that Truman ordered into the Korean civil war. Where authorization for other adventures of this kind has been lacking because of Soviet veto power, the United Nations collapses and the imperialists by-pass it as in the Suez crisis. The latest example was the use of American troops in Lebanon.

In the test of practice — which Dr. Lamont agrees is the final test — the UN, like the old League, has served

monopoly capital not too badly. To suggest that the road to peace lies through such a means is to participate in creating or maintaining a most dangerous illusion.

In accordance with its dialectical concept of mankind, Marxism sees the road to peace through extension and development of the working-class struggle against capitalism and the colonial struggle against imperialism. The most powerful blow for peace since the October 1917 Revolution was the Chinese Revolution that ended the dictatorship of Chiang Kai-shek and "lost" China to Western imperialism. This blow was delivered by one quarter of the human race, a force so great that it upset all the time tables of World War III projected by the imperialist statemen.

Right now the Arab struggle for freedom and independence acts as a powerful deterrent to a major war, for how can Anglo-American imperialism hope to win an attack on the Soviet bloc with revolutionary fires licking the Middle East oil lines?

The real forces generating peace today are movements such as these. They add their weight to the progressive consequences of the Bolshevik Revolution and the spread of planned economy following the victory of the Soviet Union over German imperialism in World War II.

When a socialist victory in any of the industrially advanced countries is added to these, the threat of an economic holocaust will clearly reach the vanishing point. Surely it is the duty of peace-loving figures, who understand how enormous the stakes are, to urge this means and no other to achieve peace!

As a "realistic Humanist," Lamont recognizes that it is necessary to "look beyond fine-sounding peace pronouncements and formal peace organizations to those fundamental economic forces and relationships that make for war . . . Without contending that economics constitutes the whole story behind war, we can state that unless and until the different peoples of the world solve their basic economic problems, centering around poverty, unemployment, inflation, depression, business monopoly and the proper control of natural resources, there will be no lasting international peace." (p. 234)

The causes of war are located in antagonistic economic relations, and the removal of these causes can come through global economic planning that overcomes the antagonisms. But global planning, which Lamont recognizes is needed, will never appear through such capitalist-dominated agencies as the United Nations. More likely, as has been indicated by its efforts to intervene in the East European countries, the UN will seek to disrupt planning where it has already been won. This question obviously bears closer examination than one finds in *The Philosophy of Humanism*.

One of the stimulating chapters of the book is entitled, "This Life is All and Enough." In concurring with that sentiment, I am tempted to add, in view of the grave warnings of the nuclear scientists, that "This Life Can Be Kept; But Only through Socialism." Working for the revival of the American socialist movement through the national extension of united socialist efforts, such as the one Corliss Lamont is campaigning for, seems to me a rational means to that end.

the Jacobin dictatorship to find historical precedents. They did this to "find justification for the purges, in order to maintain our ideals and beliefs in the Soviet Union as the first Socialist country."

Throughout the swift changes that engulfed the émigré groups, the young Leonhard managed, at every turn, to find a favored spot for himself. He won entrance into the Moscow Teachers Institute when he was about to be transferred to a regular Russian public school. After the Hitler invasion, when official anti-German Russian chauvinism reached its height, and the German émigrés were deported to Kazakhstan, Siberia, Leonhard wangled his way into the Karaganda Educational Institute. From there, through the intercession of Walter Ulbricht, Stalinist Comintern official, he obtained appointment to the top secret Comintern school.

This is one of the few personal accounts available of the training of a Soviet "apparatchik" under Stalin. In an austere seminary-like regime of intense indoctrination, the students were drilled in Marxism, economics, national and party history. Detailed analyses were made of the ideology of fascism and Catholicism. However no studies of socialist viewpoints opposed to Stalinism were allowed; instead, stereotyped arguments from official sources were memorized.

But ideological training was not all. Every student had to submit to the ordeal of "criticism and self-criticism." Leonhard tells about his bewilderment and dismay on being hailed before a commission after a minor incident, and finding chance remarks, simple observations and light-hearted comments he had made, blown up into deadly charges. His words had been carefully documented by one of his classmates. He was not allowed to defend himself. The requirement was admission of guilt and repentance. Failure in this meant expulsion and near starvation. The effect of this "self-criticism" was to develop a group of fearful, obedient, close-mouthed individuals, trusting no one.

With the dissolution of the Comintern and its school, Leonhard was assigned to sorting out Comintern archives that had been hurriedly evacuated from Moscow during the war. While working on the American archives he came across a copy of *The Militant* containing an article by Trotsky. "I could not have been more startled if I had found a packet of dynamite," he writes.

Thereafter he arranged his work so that he could snatch time to read this forbidden material. Why the interest? "The bourgeois newspapers . . . contained nothing that could really interest us. The Trotskyites, on the other hand, wrote in our own language, using our own terminology and dealing with things about which I had already doubts of my own, so that my excitement and

Biography of a Young Soviet Official

by Robert Chester

CHILD OF THE REVOLUTION, by Wolfgang Leonhard. Henry Regnery Co., Chicago. 1958. 447 pp. \$6.50.

This is the personal account of the son of the first Soviet ambassador to Germany, a young man reared in the tradition of the Soviet bureaucracy from the age of thirteen.

Leonhard and his mother, refugees from Hitlerite Germany, arrived in Moscow early in 1935, a few months after the Kirov assassination. Stalin utilized this mysterious murder to touch off the infamous Moscow Trials and mass purges. Leonhard's mother, a prominent member of the German Communist party, was picked up with thousands of other émigré Communists.

She was charged with "counter-revolutionary Trotskyite activity," a charge that actually signified only that she was acquainted with some of the principal victims of the purges or that she belonged to the older generation of Communists. For this she was sentenced to twelve years in Siberia.

Even the elite Karl Liebknecht school, which the young Wolfgang attended, was closed down in 1938 after a good percentage of its teaching staff, and its students too, had been arrested.

How did the young students rationalize the charges in the purges which they knew from their own experiences were false? They devised variants of the official arguments. They avidly studied the French Revolution and the

interest in this case can be easily understood."

After this assignment Leonhard was transferred to Moscow to work in the National Committee for Free Germany, the organization that propagandized the German army and civilians. He was in the first plane-load of functionaries, under the leadership of Ulbricht, that went into Germany to set up agencies for "self-government." "Our political task was not to consist of establishing socialism in Germany or encouraging a socialist development."

"Democratic" anti-fascists were made heads of local administrations, while the deputy head, or police chief, was invariably a Communist functionary. The purpose was to assure, as Ulbricht stated, that it would "look democratic, but we must have everything under our control." On Ulbricht's orders the Anti-Fascist Committees of the workers, who had fought in the underground or who had returned from the concentration camps, were dissolved. Initiative from below, criticism of the Russian occupation or of the official line were either ignored, soft-pedalled or suppressed.

To workers who had carried on the struggle against Nazism and who had expected something more after its defeat, this treatment did not sit well. Their sullen opposition found expression within the bureaucracy in differences between the leaders who had fled to the Soviet Union and those who had carried on the underground struggle in Germany. The latter group was more responsive to the ranks than the "Russian functionaries."

In December 1945 Anton Ackerman published an article maintaining that different countries might take different roads to socialism. The speed with which his views were picked up (it was even included in the party program) worried the Soviet authorities. Under their pressure the view was gradually proscribed and Ackerman was removed from all posts of responsibility.

Doubts expressed by functionaries over official program or policies were dubbed "collywobbles." In addition to the heresy about separate roads to socialism, "collywobbles" included: equality of Communist parties instead of subordination to the Russian party; the "withering away of the state" in contrast to its growth; direction of nationalized industry by elected workers committees instead of by bureaucratic decree; the possibility of errors among the top leaders; the right of freely expressing dissident opinions in the party; and the need to reduce the immense privileges of the party officials.

Leonhard emphasizes that these differences were "an expression of opposition ideas within the system itself: an expression of the contradictions between the teachings of Marx and Lenin on the one hand, and the Stalinist theory and practice on the other hand." A party member, wrestling with his

"collywobbles" in agonizing fashion, will nevertheless "stubbornly, and apparently with complete conviction defend the official party line. His western interlocutor then leaves him with the firm conviction of having been talking to a 150% Stalinist."

The Tito-Stalin break had a profound effect on all those holding dissident views. The 27-year-old Leonhard was among those who felt that Tito was right against Stalin. After a period of undercover propaganda work in favor of Tito's viewpoint he escaped via Czechoslovakia to Yugoslavia. After two years there he was sent to West Germany to set up the Independent Workers Party, a centrist group that tried to amalgamate diverse tendencies around a

Howe's History of the CP

by Tom Kerry

THE AMERICAN COMMUNIST PARTY: A Critical History (1919-1957), by Irving Howe and Lewis Coser. Beacon Press, Boston. 1958. 593 pp. \$6.75.

In the past year, three books of uneven value have appeared dealing with one or another aspect of the history of the American Communist party. The two in addition to the book under review were *The Communist Party vs. the CIO* by Max M. Kampelman and *The Roots of American Communism* by Theodore Draper. All have made contributions in the field of research by assembling material to establish the record of the origin, development, degeneration and disintegration of the American CP. That is their positive side — of undoubted value to future historians and to those seeking in the record an answer to the "what" and "how" of this historical development. On the negative side is a fundamental weakness: the failure to answer adequately the decisive question of "why?"

On the basis of empirical evidence uncovered in his investigation of CP trade-union policy Max Kampelman arrives, in passing, at the correct conclusion that the frenetic twists and turns of the "party line" were a result of the function of the American CP as an agency of the Soviet foreign office, completely subservient to the bureaucracy in the Kremlin. However, when he attempts to generalize from the record, Kampelman reverts to the professorial jargon of the bourgeois "political scientist."

Why did the CP fail in what he terms its "power struggle" with the conservative trade-union leaders? Because, says Kampelman, "The traditions of the American labor movement are quite

pro-Titoist orientation. With the collapse of this organization he emigrated to England and is now at Oxford.

Leonhard claims to be a Marxist. Judgment on the accuracy of this claim can be made more precisely when the second volume of his account, on which he is now working, appears. In this he promises a theoretical appraisal of the Soviet Union and Stalinism. In the present volume he makes no attempt at analysis but simply recounts his experiences. This volume therefore stands in its own right as an inside view of the Soviet bureaucracy under Stalin and as source material for a better understanding of the unrest in East Europe and its repercussions in Soviet ruling circles.

hostile to the philosophy of Communism. The philosophy of the American labor movement, insofar as it is possible to speak of its philosophy, is one of humanism. This explains why it is that the American labor movement has not considered itself as representative of narrow class or sectional interests, but rather of the broad mass of the population."

"This explains why"! This explains nothing of why the American CIO trade-union leaders could at one stage welcome members of the CP, at another stage tolerate them, and at still another split the CIO in order to eject them from its ranks.*

Draper's book, comprising a study in depth of the formative years of the American CP, is a model of historical research. However, when he attempts to generalize from the record in his concluding chapter he arrives at the erroneous conclusion that the cause of the decline and fall of the American CP can be traced to the original sin of having sought and accepted the advice and guidance of the Communist International in its early formative period. This, according to Draper's thesis, later led irrevocably to the abject subservience of the American CP to the Stalinized Comintern — a variation of Boris Souvarine's fallacious theory that Russian Bolshevism carried the seed which later sprouted into the monstrous growth of Stalinism.†

The Howe-Coser volume is the most ambitious of the three, purporting to

* See my review of *The Communist Party vs. the CIO* in the fall 1957 *International Socialist Review*.

† See review of *The Roots of American Communism* by James P. Cannon in the summer 1957 *International Socialist Review*.

be a "critical history" of the American CP from 1919 through 1957. The reader has a right to expect of the authors of a "critical history" that they seriously grapple with the theoretical problems involved in an analysis of Stalinism. Judged from this standpoint the book is shallow, superficial and pretentious. More important, the authors are decidedly lacking in the precious quality that so distinguishes the Draper volume — honesty.

The authors do not once formulate specifically their theoretical premise. On the contrary, in their concluding chapter entitled, "Toward a Theory of Stalinism," they disavow any intention of doing so. "In this final chapter," they assert, "we propose to examine Stalinism as a political movement in the West. We shall not venture upon an extended discussion of the new form of society it has brought to Russia, and shall offer only a few comments on its special role in Asia. This limitation renders a complete analysis impossible, but it may well be that the time for such an analysis has not yet come." This is intended to disarm the unwary reader.

Consider! The authors propose to "examine Stalinism as a political movement in the West" by severing the umbilical cord which binds it to the Kremlin in Russia, which they define, in passing, as "a new form of society." But discussion of this new form they will not even "venture upon," because, you see, "the time for such an analysis has not yet come." This, of course, does not deter the authors from engaging in a "hidden" polemic, which runs like a thread throughout the entire book, against the analysis of Stalinism elaborated by Leon Trotsky.

The authors do have a theory, even if it is not stated explicitly: bureaucratic collectivism. And they do have a method appropriate to that theory: eclecticism. They borrow their basic premise from the bureaucratic collectivists. They borrow a little from Trotsky. A little from Souvarine. And more than a little from the bourgeois school of "social psychology."

Stated briefly, the theory of bureaucratic collectivism holds that besides the socialist alternative to capitalism, there is another alternative, unanticipated by the Marxists — a completely new kind of society with a ruling class that owns property indirectly through control of the state. Its original proponents equated the "collectivism" of Hitler in Germany with that of Stalin in the Soviet Union as variations of the "drift toward the total state." In this country, in opposition to the Trotskyist position of defense of the Soviet Union against imperialist attack, the main "theoretician" of bureaucratic collectivism, James Burnham, together with Max Shachtman, led a split from the Socialist Workers party in 1940. Irving Howe

supported bureaucratic collectivism then and judging from this book continues to do so. Burnham later broke with the socialist movement and presented his anti-Marxist theory in a book, *The Managerial Society*. He finally landed in the camp of the McCarthyite intellectuals where he remains to this day.

So discredited has the theory of bureaucratic collectivism become that the authors do not so much as mention it by name. It has now been metamorphosed into the theory of the "new class"; and one of those to whom the book is dedicated, Milovan Djilas, is author of a volume by that name. Stalinism, the authors assert, "was a counterrevolution that established a new kind of ruling class, one that neither owned nor could own property but instead controlled the state in whose legal custody property resided." Again: "The new society that crept into existence in Russia during the late twenties and early thirties was neither capitalist nor socialist, but an enemy of both." And again: What Trotsky and others failed to understand was that Stalinism "was a movement which, in opposition to both capitalism and socialism, embodied a particular expression of the

twentieth-century drift toward the total state," etc., etc.

It is true that the authors do not "venture into an extended discussion" of bureaucratic collectivism. Instead they repeatedly assert that which is incumbent upon them to discuss. The book is interlarded with such arbitrary assertions, seemingly made on the assumption that they have never been challenged. But the authors know better. They are well acquainted with the searching polemic written by Leon Trotsky against the theory of bureaucratic ("new class") collectivism, published in the volume *In Defense of Marxism*. (Pioneer Publishers, 1942.) They know but choose to ignore it. You see, now is not the time.

Consider the supercilious pretentiousness of the authors, who write an entire chapter, "Toward a Theory of Stalinism," without once referring to the monumental pioneering work on the subject written by Leon Trotsky in *The Revolution Betrayed*. No, neither the youth seeking socialist answers to the great problems of the day, nor the thousands of ex-CP members and periphery searching for the answers to the "why" of American CP degeneration, will find them in this book.

Early Soviet Labor Policy

by Milton Alvin

LABOUR POLICY IN THE USSR 1917-1928, by Margaret Dewar. Royal Institute of International Affairs, London, England. 1956. 286 pp. \$6.

A great deal of valuable information has been gathered together by Margaret Dewar to form the first detailed study of government labor policy in the early years of the Soviet Union. In addition to tracing the evolution of Soviet labor policy, the author has included the text of the Labor Program of the Russian Social Democratic Workers party, adopted in 1903, and the decrees, ordinances and instructions concerning labor from the time of the October 1917 Revolution to 1928.

Students of Soviet problems will find the book a valuable supplement to the political history of the first years. But this political history, available in many of the writings of Leon Trotsky, must be known to gain a full appreciation of Soviet labor policy.

The period covered in the book falls into two parts. The first, in the early days of the Soviet state, is featured by the Civil War and the enormous difficulties that faced the new regime as it sought for the first time in history to reorganize society along socialist lines. The second period, that of the

New Economic Policy (NEP), takes us through the post-Civil War days, the retreat to dependence upon a market economy, the bureaucratization of the regime, the crisis created by the prolongation of the NEP and the preparations for the first Five Year Plan.

Some of the difficulties that confronted the young workers state in its first years can be understood from its official labor policy as described by Mrs. Dewar. Although the new regime, headed by Lenin and Trotsky, decreed the eight-hour day within twenty-four hours after taking power, workers control of production about two weeks later, health insurance, unemployment compensation and many other benefits along these lines, the eruption of civil war compelled them to retreat from some of these positions.

With most of the country in the hands of the counter-revolutionaries and their imperialist sponsors, the new regime faced its great hour of peril; the disorganized economy hardly sufficed to keep the Red Army in the field. Productivity of labor fell, in many cases to a mere ten per cent of the pre-World War I figure.

The rigorous system of War Communism, with its militarization of labor, gave hope that with the conclusion of

hostilities the disciplined military forces could be transferred en bloc to the field of production. But the poverty of the country, the disorganization of transport, the growing contradiction between the urban centers and the mass of petty producers on the land compelled a further retreat.

Re-establishment of a market economy, even though the main industrial enterprises remained in the hands of the state, enabled the peasantry, especially its better-off section (kulaks), to enrich itself as well as to gain an increased influence both in the Communist party and in social life in general.

In its conflict with the Trotskyist Left Opposition, the ruling Stalin-Bukharin faction leaned heavily upon these new powerful sections of the population (Nepmen) while it elaborated the "theory" of building "socialism in one country" and achievement of socialism at a "tortoise pace." The Trotskyists, on the other hand, proposed a five-year plan to build the country's economy. This was rejected as "super-industrialization" while the country drifted dangerously close to falling into the hands of outright restorationists of capitalism, who were encouraged not only by their newly found power but by the defeats

of revolutions in China and Western Europe as well.

When the crisis could no longer be ignored, Stalin unloaded Bukharin and his "tortoise" theory, turned sharply to the left by borrowing from the program of the Left Opposition, inaugurated the first Five Year Plan and organized the liquidation of the kulaks. The fulfillment of these measures by the panic-stricken bureaucracy falls outside the scope of Mrs. Dewar's study.

The author takes note of the great industrial progress made since 1928 but comes to the conclusion that "per capita production and consumption in the USSR remain well below that of the advanced capitalist countries." This was admitted by Khrushchev in his report to the famous Twentieth Congress of the Soviet Communist party.

Mrs. Dewar points out that "the Soviet worker lacks all means of pressing his claims," which is quite true insofar as it concerns recognition of democratic rights in the Soviet bloc. But events, beginning with the East German workers uprising in 1953, the strikes of prisoners in Soviet concentration camps, the Poznan uprising, and the Hungarian revolution, indicate that the workers are strongly inclined to correct matters in this respect.

and his police-state methods of rule brought on the uprising. Rakosi over-emphasized heavy industry development, lowered living standards, forced the peasants to collectivize even though this meant reduced farm production — and united the whole population in opposition to his rule. Every party opposition that rose up against his ruinous policies was denounced, expelled, framed up as "Fascists" and "counter-revolutionaries" or, worse still, "Titoists." All political and intellectual freedom was suppressed.

Nagy and his opposition grouping first came to prominence in 1953. The Stalinist myth of the "indestructible unity of the party with the working class" had just been demolished by workers' insurrections in East Berlin, Pilsen, Brno, Halle and Jena, and by demonstrations staged by the workers of the "Matyas Rakosi" establishments in Budapest. These popular upsurges occurred during a period of wavering in top Soviet circles after Stalin's death. Malenkov came to the top in the Soviet Union and Rakosi was forced to resign. Nagy became premier in July 1953.

Nagy inaugurated a liberalized regime that lasted until April 1955. Then, with the support of Khrushchev, who regarded Nagy as a protégé of Malenkov, Rakosi took over again. Under Nagy, the powers of the police were reduced, internment camps were abolished, legality was restored, religious freedom reappeared, the labor code was overhauled, oppressive industrialization plans were modified, higher living standards were projected. Finally, the peasants were allowed to withdraw from the collectives into which they had been forced. All this explains the popularity of Nagy and the unanimity with which he was acclaimed head of the government established on October 23, 1956. But with Rakosi's return to the top place of power, the old regime returned in all its oppressiveness.

The anti-Rakosi forces within the Communist party sought to counter the return to the old order by working within recognized party channels. It is here that Fejtö unravels the tangled skein of cross-currents inside the party and reveals the fatal weak-

Inside Report on Hungary

by Theodore Edwards

BEHIND THE RAPE OF HUNGARY, by François Fejtö. Foreword by Jean-Paul Sartre. David McKay Company, Inc., New York. 1957. 335 pp. \$5.50.

What makes this perhaps the most interesting work yet to appear on the 1956 Hungarian revolution is the fact that it presents an accurate measure of both the positive achievements and the shortcomings of the anti-Stalinist wing within the Hungarian Communist party. The recent execution of Imre Nagy, leading figure in the events, serves to heighten the interest.

The author, who is in exile in France where he became chief news commentator for Agence France-Presse, belonged to the Budapest intellectual circles that inspired the uprising. He appears to be well acquainted with the thinking of the various groupings inside the Hun-

garian Communist party prior to and during the uprising.

If the reader did not know it before, he will learn from this book that the Stalinist regime in Hungary against which the uprising was directed was patterned in all essentials after the totalitarian edifice in the Soviet Union. It was a regime of bureaucratic command, reinforced by the policeman's club, the torture chamber and the hangman's noose. At its head stood "The Stalin of Hungary," Matyas Rakosi, who dealt with all opposition by the methods that Stalin used in the Soviet Union — frame-up trials and executions or secret murder in the cellar of a police building. The author makes this remarkable assertion: "Under the Stalinist regime of Rakosi more Communists were executed in Hungary than under the White terror of Admiral Horthy." (p. 21)

The economic policies of Rakosi

nesses of the opposition. First of all there was Nagy, who had been expelled from the party. Says the author: "There is no doubt about this—Nagy is anything but a revolutionist, a leader of men, a tribune of the people. His background, his temperament, his erudition fit him for the role of the servant of the state, not a wrecker or a founder. He would be perfect as an enlightened despot. But he was totally unprepared to lead an insurrection." (p. 149). Again: ". . . Nagy patiently awaited his readmission to the party, his appointment to the premiership . . . he . . . demonstrated an amazing lack of realism. Unlike Gomulka, who knew that he would be helpless unless he controlled a powerful party machine, Nagy behaved like a functionary waiting for his appointment to be entitled to start a revolution." (p. 148).

The author quotes from an anonymous document circulated among Hungarian intellectuals after the crushing of the insurrection in January 1957. This document raised as the principal criticism of the opposition grouping its failure "to organize itself as an independent force. While the party continually stigmatized alleged anti-party factions, the opposition confined itself to debates. It debated the question whether or not it should form an independent group. It did nothing to establish contact with the people, nothing to gain a foothold among the workers . . ."

In Poland it was different. Gomulka succeeded in rallying the lower and middle functionaries of the party and state apparatus by assuring them that the anti-Stalinist purge would extend only to the bigwigs. The opposition ignored the official ban on intra-party factions and organized to take over the party machine. Defeating the diehard Stalinists and allowing a partial mobilization of the masses, Gomulka and his partisans contained and channelized the mass discontent and staved off threatened Russian intervention. But in Hungary the anti-Stalinist Communists thought that "the party cannot be wrong," that it was somehow endowed "with the ability to recognize its defects and to correct them." The

Nagyists stood paralyzed, divided, unorganized; and talked while the Rakosi faction drove ahead with policies of disaster.

October 6, 1956 saw the lightning flash that heralded the approaching revolutionary storm. An estimated 300,000 people took to the streets of Budapest in an orderly demonstration against the regime of Rakosi. The occasion was the funeral of Ladislas Rajk, held in prison for years, condemned in a frame-up trial, then executed. Rajk's widow and the opposition wanted to make the funeral turn-out a demonstration of the people's discontent — and, perhaps equally important, the ability of the opposition to control it. Notes the author: "Foreign observers voiced their surprise that the ceremony had taken place with such complete lack of disturbance; according to them, Mrs. Rajk had had to utter only a single word to cause the collapse of the Stalinist party machine . . . The fact . . . that there was not a single jarring note in the ceremony proves

One Path?

by Lois Saunders

DECISION IN AFRICA, by W. Alphaeus Hunton. International Publishers, New York. 1957. 238 pp. \$4.

"Why should not the United States and the Soviet Union work *together* in helping to build Egypt's Aswan Dam?" asks the author.

Why not, indeed! To answer this question fully would require an exposition of the compulsions of imperialism, its antipathy to socialist change and the basic conflict between the capitalist and the Soviet economic systems.

Hunton's pollyanna concept that co-operation between the United States and the Soviet Union is "one path to a unified world of peace and progress" presupposes that the rulers of the United States, who are pouring a big part of the country's income into war preparations, are concerned about such objectives as world peace or the welfare of the people of Africa.

It is hard to avoid a feeling of impatience with an author who, in a lengthy statistical survey, documents the predatory role of European, and more recently, American imperialism in plundering the riches of the African continent, and then concludes by proposing that these same powers should stop being predatory.

What is required, says Hunton, is

that . . . seventeen days before the outbreak of the insurrection, the appointment of Imre Nagy as premier would have enabled Hungary to solve her crisis as Gomulka solved it in Poland." (pp. 115-16).

Does Gomulka's success in avoiding an open clash prove that peaceful reform of the Communist parties is possible? Subsequent events in Poland would seem to indicate that Gomulka, in spite of all the differences between the Polish and Hungarian situations, imitates Kadar in breaking pledges and taking back concessions.

A revolution, contrary to Fejtö's assertion, is not "merely the penalty a government must pay for its failure to carry out indispensable reforms." It represents the intervention of the masses into the affairs of state, intervention by the working people who are tired of being cajoled, manipulated, coerced, disciplined, exploited. A Gomulka in Hungary might have delayed the explosion. He could not have prevented it.

"the implementation of entirely new Western aims that are in harmony with African aims." He adds that "paramount among these must be the immediate liquidation of white settler and colonial domination and the promotion of co-operation among *all* nations willing and able to assist in the development of Africa *for the Africans*." (The emphasis is the author's.)

These conclusions, it should be noted, are inconsistent with the factual material that comprises the major portion of the book.

The author, who for seventeen years was a teacher at Howard University and who from 1943 to 1955 was executive secretary of the Council on African Affairs, presents a valuable record of the perfidy and greed of the exploiting companies and countries and the channels through which they exert their control. Also of interest are the countermeasures developed by the African people, including the formation of unions and the use of strikes and boycotts, in an endeavor to free themselves of the white man's rule. Likewise informative is the exposé of the self-seeking rulers of the black republic of Liberia and the accommodationist tendencies of those who now control the newly independent country of Ghana.

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