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# *Political Affairs*

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1948

ORGANIZED LABOR AND THE MARSHALL PLAN  
WILLIAM Z. FOSTER

THE COMMUNIST MANIFESTO LIVES!  
HARRY MARTEL

MR. TRUMAN'S GLOVE AND THE MAILED FIST  
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## ORGANIZED LABOR AND THE MARSHALL PLAN

By WILLIAM Z. FOSTER

IN SUPPORTING the Marshall Plan, the top leaders of the A. F. of L., the C.I.O., and the Railroad Brotherhoods are backing the program of Wall Street for world domination. Some of these labor leaders are taking this course because they are just as imperialist-minded as the big bankers themselves; others do it for opportunistic, "band-wagon" reasons; and still others, out of ignorance of the true situation in the world. But all these leaders of labor, whatever may be their individual motivations, are violating the most fundamental interests of the masses. They are betraying the working class and the American people as a whole into the hands of their worst enemies, the Wall Street imperialists, profiteers, and warmongers.

### THE MARSHALL PLAN

All the current blather to the contrary notwithstanding, the Marshall Plan is not a project of the generous-hearted American nation designed to help the war-ravaged peoples of Europe to get back on their feet. It is

a cold-blooded scheme of American monopolists to establish their ruthless domination over harassed world humanity. Cynically exploiting the American people's generous impulses and the country's great industrial strength, these parasitic capitalists are trying, through the Marshall Plan, to build up their own wealth and power at the expense of the rest of the world. It is a war plan.

The Marshall Plan's birthplace is Wall Street, its political father is Herbert Hoover, and its driving slogan is the Hitlerian cry for a "crusade against Communism." It is the discredited "get-tough-with-Russia" policy and the notorious Truman Doctrine, implemented with the great economic and military might of the United States. The Marshall Plan, controlled by the most powerful reactionary force in the world, American finance capital, is a menace to the democracy, prosperity, and peace of all mankind.

The three phases of the Marshall Plan—economic, political and military—are all equally reactionary. The economic phase consists in squandering tens of billions of American dollars in order to bring the economies and governments of Europe under Wall Street's control. The Schuman and de Gasperi Governments of France and Italy, acting directly against the interest and will of their peoples, have become, so far as their economic policies are concerned, little better than office boys for the U.S. State Department. Great

Britain finds itself unable to refuse vital economic concessions to Wall Street in return for badly needed American dollars. Thus, the four billion dollar loan to Britain was a definite infringement upon that country's national independence. A recent Gallup poll showed that 51 per cent of the people in Great Britain were in favor of rejecting such American aid as being injurious to British national independence.

The following incident, reported in the *New York Times*, December 17, 1947, typically illustrates how Great Britain is becoming economically subordinated to this country.

The United States agreed today to finance the entire cost of the British-American occupation of Western Germany, assuming an additional \$400,000,000 liability heretofore paid by the British, in return for a controlling voice in the economic affairs of the area." (Emphasis mine, W.Z.F.)

Thus does the United States beat down Great Britain with its superior financial power.

Harold J. Laski, former chairman of the British Labor Party, after complaining about American economic dictation to Great Britain, exposes as follows the imperialist character of American economic policy:

Stripped of the rhetoric of diplomacy, the Greek and Turkish loans were a defense of American capitalism against the danger of what is called in Washington "Russian expansionism" but

may also be described as a fear that the masses in Greece and Turkey, like those in Czechoslovakia and Yugoslavia, will abandon the capitalist way of life. . . .

And further, speaking of American capitalism's "anxiety to reconstruct Germany on the basis of private enterprise," he says:

For such a Germany means not only a great field of American investment; it means that American capitalists, as Germany becomes reorganized, can dominate France—and in partnership with Germany seek to keep Russia within limits they regard as safe.\*

The United States has poured out 15 billion dollars in grants and loans to capitalist nations since the war's end. Little "reconstruction" has taken place as a result of this gigantic sum. For the most part the money has gone down the drain, or rather into the pockets of the greedy exploiters in the various capitalist countries. The 17 billions demanded by the President to finance the Marshall Plan will go the same futile way if the American people are unwise enough to permit Congress to vote the funds. For all the gold and bayonets of Wall Street cannot make stricken West-European capitalism strong and healthy again. Actually, the far more badly war-devastated nations of Central and Eastern Europe, which have had little or no American "help," are recovering much more rapidly than the greatly

\* Harold J. Laski, "Is Europe Done For?" *The Nation*, November 22, 1947.

"aided" countries of Western Europe. This is because the former countries have adopted the economic and political reforms necessary for recovery, which the West-European countries, under reactionary American pressure, have been prevented from doing.

The political phase of the Marshall Plan is no less reactionary than its economic phase. The United States Government, under the dictation of Wall Street's political agents—Hoover, Dulles, Truman, Marshall, *et al.*—has become the center and organizer of world reaction. Representatives of the State Department, allied closely with the Vatican, Right-wing Social-Democrats, fascists, and big landlords and industrialists, are supporting reactionary political causes everywhere.

In Great Britain, through manipulating the Labor Government, they are sabotaging the nationalization of industry and other vital reforms and at the same time scheming for the return of Churchill to power. In Germany they are working in close harmony with the big Hitlerite industrialists, fascists, and reactionary Right Social-Democrats. In France they had the Communists expelled from the Cabinet and are building up General de Gaulle as a future fascist dictator. In Italy, too, they forced the Communists out of the government, and they are cooperating with the remnants of Mussolini's fascists. In Greece they are backing, with armed force, the mon-

archist-fascist regime and the reactionary, clerical clique with which it is surrounded. In Spain they are lending support to the butcher Franco. In the Balkans and middle Europe they are trying to foment rebellions against the new democracies (Poland, Hungary, Romania, Czechoslovakia, etc.). Outside of Europe, too, the aim of the American imperialists takes the same course—active support of the Dutch imperialists in Indonesia, the French imperialists in Indo-China, the rotten Chiang Kai-shek Government in China, and the worst reactionaries in Latin America—in opposition to the struggling democratic peoples in those lands. The political line of the Marshall Plan leads toward the reconstitution of fascism on a European and world scale.

The military phase of the Marshall Plan comprises the mobilization of the armed might of the United States behind the economic and political policies of Wall Street. This is the meaning of our atom-bomb diplomacy, the present gigantic American military establishment, the widespread warmongering here, the intensive preparations for war against the U.S.S.R., the armed intervention of the U.S. in Greece, China, and Indonesia, the State Department's systematic by-passing of the United Nations, the building of an anti-Soviet Western European bloc, and the construction of the Anglo-American military alliance.

In the *New York Herald Tribune*,

January 6, 1948, Sumner Welles exposes the military core of the Marshall Plan by virtually urging war. The paper characterizes his article in the following heading: "Congress Urged to Warn Kremlin U.S. May Use Force in Europe. Welles says Marshall Plan Alone is Not Enough. . . ."

The launching of the Marshall Plan in the face of vast popular opposition to it in many countries, has split the world into two major camps and thereby greatly sharpened the war danger. American imperialism, in a desperate effort to defeat world democracy and Socialism and to make its own reactionary will prevail, is consciously organizing another world war to push through its aggressive strategy of world conquest, of which the Marshall Plan is now the dominant expression.

#### LABOR LEADERS IN THE SERVICE OF WALL STREET

The A. F. of L., at its convention in San Francisco, in October, 1947, went all seas over for the Marshall Plan with the same enthusiasm with which it had been supporting the Truman Doctrine. The convention was an orgy of Red-baiting, Soviet-baiting, and warmongering. The principal complaint of such reactionaries as Matthew Woll and David Dubinsky was that Wall Street and the Truman Administration were not going fast and far enough in provoking their much-desired war

against the U.S.S.R. and the new democracies of Eastern Europe. With no Left elements at the convention to bid them nay, the A. F. of L. leaders gave an unrestrained demonstration of their crass labor-imperialism.

The C.I.O., at its convention in Boston, held at the same time as that of the A. F. of L., took a more roundabout course in backing the Marshall Plan. The convention resolution on foreign policy, a compromise, makes no reference whatsoever to the Marshall Plan, nor does it endorse the imperialist essence of that scheme. But it has been interpreted by President Murray as an endorsement of the Plan. Delegates like Walter Reuther, John Green, and their crowd voted for the resolution in that sense. The Left forces at the convention were openly opposed to the Marshall Plan, but they made the mistake of not seeing to it that the resolution was clear and specific. They should have insisted that it propose that all American aid should be handled through the United Nations, and failing in this, should have voted against it.

Since their respective conventions, the A. F. of L. and C.I.O. leaders have demanded labor representation in the application of the Marshall Plan, "to insure its democratic administration." But, of course, the imperialist masters of the Government will not agree to any democratic "nonsense" in fastening their grip upon Europe. They do, how-

ever, have important tasks for the labor-imperialists to carry out in putting the Marshall Plan into operation. Indeed, the latter are already busy at these tasks.

First, the Wall Street imperialists have impressed the pliable leaders of organized labor to help break up the opposition of the American people to the Marshall Plan. To this end, the reactionary labor leaders are carrying on the Big Business propaganda to the effect that the Soviet Union is engaged in a menacing expansionist offensive and that this country is in danger of attack; that the Truman Administration is defending world democracy against a threatened Communist revolution; that the United States wants European recovery, while the Communists want economic chaos. This imperialist propaganda is now being busily peddled to the American working class by many labor leaders, thereby ideologically confusing the workers and weakening their resistance to the attempts of monopoly capital to achieve its own purposes under the sign of the Marshall Plan.

Secondly, Wall Street is also using the reactionary American labor leaders to undermine the opposition of the democratic masses of Europe to the Marshall Plan. The mass resistance is especially concentrated in the European trade unions, where, above all, the Wall Street agents are determined to exert their pressure. And in this effort they have the active assistance of American labor

leaders, even to the extent of systematic union-wrecking and strike-breaking in various parts of Europe.

For the past several years the A. F. of L. has maintained in Western Europe, headquarters and a big staff of agents, whose shameless task it is to split the labor movements of the Continent and to wreck the World Federation of Trade Unions. This they are striving to accomplish under the Hitlerian pretext of fighting Communism. The A. F. of L. splitters are working cheek by jowl with Right Social-Democrats, reactionary clericals, fascists, and anyone else they can enlist to help them. They are now planning to hold a 16-nation conference of trade unionists in Western Europe, in the hope of forcing the Marshall Plan down the workers' throats and of splitting their organizations away from the World Federation of Trade Unions. The C.I.O. betrayed its progressive traditions by sending the notorious reactionary, James B. Carey, to Europe to "sell" the Marshall Plan to the unwilling labor unions and to engage in union-splitting.

The foremost trade-union leaders throughout Western Europe are Communists. On the basis of their loyal service to labor, especially in the hard conditions of the underground struggle against Hitler, they have been freely elected by the workers in elections more democratic than those of either the A. F. of L. or C.I.O. But the reactionary American labor leaders, at

the behest of Wall Street, have taken it upon themselves to oust these Communist leaders and to force the European workers to accept the Marshall Plan, even if they have to wreck their trade unions to do so.

During the recent great strikes against semi-starvation conditions in France and Italy, this union-wrecking on behalf of U.S. finance capital reached new heights (or rather, depths). Reactionary French and Italian labor leaders, supported by A. F. of L. and C.I.O. officials and supplied with American money, actually engaged in the most shameless strike-breaking. In the general strikes, they called upon the workers to disregard the official strike calls of their unions, and they also used every known employer tactic to start back-to-work movements among the strikers. In France, after betraying and weakening the big strikes, these false labor leaders deliberately split the labor movement in two. Every capitalist reactionary in the world applauded their disruptive work.

In the United States the A. F. of L. and C.I.O. leaders are supposedly fighting the Taft-Hartley Law, which is monopoly's main direct attack against American trade unionism. But these same dealers applauded the Schuman Government of France, a Wall Street puppet, when it adopted a far more drastic anti-strike law than the Taft-Hartley Act. Even more, they gave the strike-breaking French government

their tacit or open support. And in Greece, Clinton Golden, former C.I.O. top official, who was sent to that country as part of the American military mission, with the blessing of both the A. F. of L. and C.I.O. leaderships, endorsed by his silence the action of the monarchical fascist government in Greece in enacting legislation providing the death penalty for strikers. To such levels have American reactionary labor leaders fallen in their attempts to force the European peoples to accept Wall Street's Marshall Plan.

#### THE COST OF LABOR-IMPERIALISM

The leaders of the A. F. of L., the C.I.O., and the Railroad Brotherhoods have lashed their organizations to the chariot of American imperialism. They have merged the aims of organized labor into the campaign of Wall Street for world domination. For this betrayal of working-class interests the workers in this country and the whole American people will pay through the nose—they are already, in fact, beginning to do so. Loss of American labor's prestige abroad and of its integrity at home, together with worsened economic and political conditions for American workers, are the sure price that organized labor in this country will pay for allowing its reactionary leaders to attempt to ram the Marshall Plan down the throats of unwilling Eu-

ropean workers, for its leaders' cynical betrayal of the struggles of colonial and semi-colonial peoples in Asia against American, British, French, and Dutch imperialism, and for its crass abandonment of the workers and peoples of Latin America to the encroachment of Yankee imperialism.

Pro-Marshall Plan labor-imperialism not only injures workers in other countries, but also definitely harms the economic welfare of the American workers whose fight for better conditions it compromises. The squandering of tens of billions of American dollars all over the world, with organized labor's blessing, for reactionary imperialist economic, political, and military purposes, is like pouring a huge quantity of oil on the flames of inflation now raging in the United States. It sends prices soaring, makes living costs prohibitive, and is a major factor in creating the worst drunken spree of profiteering that the United States has ever known in peace time. The general atmosphere of political reaction and paralyzing class collaboration generated by organized labor's support of Wall Street's Marshall Plan and its imperialist policies generally, makes it next to impossible for the leaderless workers effectively to defend their living standards.

Furthermore, labor-imperialism disarms the workers in the face of the dangerous growth of fascist tendencies in the United States. The

imperialist drive of Wall Street on a world scale is necessarily accompanied by an anti-democratic drive in this country. These twin drives are the two sides of the one coin. The outrageous lynch attacks against the Negro people, the shameless Red-baiting of the House Committee on Un-American Activities, the disgraceful "loyalty oath" prescribed by President Truman for government employees, the passage of the Taft-Hartley law, the persecution of Eugene Dennis, Alexander Bittelman, Claudia Jones, Leon Josephson, and many other Communists and progressives, and the emergence of the F.B.I. as an incipient Gestapo, are only a few of the many signs of the monopoly-cultivated fascist trends in this country. And they are all directly linked with Wall Street's imperialistic foreign policies. Organized labor's fight against these sinister developments, which are destroying the American people's democratic gains, will be of no avail so long as it continues to support politically Truman, Marshall, and other representatives of Big Business in their domestic and foreign policies.

Labor-imperialism likewise flings the United States wide open to the dangers of militarism and war. The growth of a stupendous military establishment in this country and the unfolding of a policy of war threats by the State Department are the inevitable accompaniment of the Marshall Plan. It is because of its

subservience to American imperialism that organized labor make no fight against the establishment of U.S. military and air bases all over the world, the development of a ruthless atom-bomb diplomacy, the forcing of armed intervention in various countries, the taking over of our national government by the brass hats, and the widespread campaign of warmongering. The labor leaders' support of the Marshall Plan thus exposes our country to the danger of an atomic war, which would bring untold death and devastation upon our people. In view of this wholesale acceptance of the Marshall Plan and the aggressive militarization program that goes with it, the fight of the A. F. of L. and C.I.O. against the Universal Military Training project of "labor's champion," President Truman, is waning to the point of being negated.

The meaning of all this is that the A. F. of L., C.I.O., and Railroad Brotherhood top officials have abdicated the working-class leadership which, as heads of the basic economic organization of the workers, they should be exercising. In these crucial times when labor should be on the alert against its great enemy, monopoly capital, on the foreign as well as the domestic front, the decisive leaders of organized labor are tailing after Wall Street's imperialist leadership. Only the Left-Progressive trade unions, comprising about

one-fourth of the C.I.O., are remaining faithful to the true interests of the workers. One should not be surprised so far as the imperialist attitude of the clique of reactionary bureaucrats controlling the A. F. of L. is concerned. If within the past forty years the policies of these reactionaries ever coincided with the interests of the working class and the American people, it was purely accidental. The C.I.O. leadership, despite that organization's progressive traditions, is on the same path of tailing after the capitalists. The C.I.O. top leaders are trying to convince the workers that the big capitalists who run the American government are striving, out of the goodness of their hearts, to preserve and strengthen world prosperity and democracy through the Marshall Plan, and that they themselves as trade union leaders, can therefore profitably identify the workers' interests with those of the Wall Street imperialists.

#### THE SIGNIFICANCE OF THE THIRD-PARTY MOVEMENT

The A. F. of L., C.I.O., and Railroad Brotherhood leaders have logically taken their labor-imperialism over into the national election campaign that is now developing. In the main, these leaders, with the exception of John L. Lewis who has not yet made his position clear, are proposing the re-election of President Truman, and they claim they will use millions of the unions' funds for this more than dubious purpose.

Some of them are supporting Truman as a liberal, while others are backing him as "the lesser evil." But it is absurd to consider as either a liberal or a lesser evil the man who broke the railroaders' and coal miners' nationwide strikes and who threatened to use the Navy to smash the proposed national strike of maritime workers. Truman is the man who formulated the loyalty oath, who allowed the Taft-Hartley Bill to pass by refusing to fight against it, and who is going along arm-in-arm with Wall Street in its whole warlike imperialistic foreign policy. There is no real difference between Truman and the Republicans, with whom he is working so closely in foreign and domestic policy.

The labor-imperialists are not having things all their own way in mobilizing the people to support the pseudo-liberal Truman. Millions of workers, Negroes, small farmers, and city middle-class elements have had more than enough of Truman's so-called liberalism and they are turning toward Henry A. Wallace for leadership. This is particularly indicated by their turnout at his many huge mass meetings. The people like Wallace's militant fight against inflation, his tireless struggle to preserve American civil liberties from fascist-like attacks, and his dogged battle against the warmongers and for a genuine peace policy. Large sections of the American people correctly see in Wallace the continuer of the progressive policies of Roosevelt.

Wallace's independent candidacy is of the greatest importance politically. Wallace is especially speaking in the name of the profoundest peace sentiments of the American people. This is why the leaders of the two old parties and the reactionary press are so greatly alarmed by this fact. They fully realize that the American people do not want war, and they are afraid Wallace can reach and organize this basic mass sentiment of the American people. First, Wallace's candidacy will bring the question of foreign policy into the open and cause a real national debate upon it; until now the American people have been simply smothered with pro-imperialist propaganda. Secondly, it will open the way for a real electoral struggle against the inflationists and profiteers in the cities, states, and nationally. Thirdly, it will serve to awaken the American people to the gravity of the attack upon their democratic liberties by the Red-baiters and other reactionaries. Fourthly, it will galvanize into action millions of otherwise passive voters disillusioned by Truman and will thus provide the basis for the election of a progressive Congress. Fifthly, it will provide a tremendous force to check the reactionary war course of the Government by bringing vast mass opposition to bear against it. Sixthly, and most vitally, it will lay the basis for the long overdue progressive people's party in the United States.

The numerical strength of the

Wallace supporters cannot be gauged accurately at this time, but it is very large. How large a body of his many millions of potential supporters can be actually brought to the polls in November will depend to a great extent upon the organizing capacity of the new Wallace movement. Wallace will be subjected to the wildest and most unscrupulous Red-baiting in the history of the United States, and no pains or money will be spared to isolate him from the masses and to prevent his great popular support from crystallizing into a solid, organized voting strength and a third party.

The position now being taken by Wallace and the Left and Progressive unions in the C.I.O. regarding foreign and domestic matters is essentially the policy that should be followed by organized labor as a whole. Wallace speaks in the name of the basic interests of the American working class and the American people. The A. F. of L. and C.I.O. leaders have forgotten these interests and, by their support of the Marshall Plan, are surrendering the unions under their leadership to Wall Street. They are taking a path that can lead only to serious disaster for the workers.

The Wallace movement has very much of a rank-and-file character. American imperialism has succeeded in mobilizing the press, the radio, the church, and now the reactionary labor leaders, to support its drive for world domination. But millions

of the common people are refusing to be led into this trap.

With most of the leaders of labor going the way of Wall Street, and with great masses of the workers heading in the opposite direction, this situation can eventually have profound effects in reviving and rejuvenating the labor movement. The workers are in the process of breaking loose from the tutelage of the capitalist class and of establishing a broad, independent, anti-monopoly people's party. The 1948 elections will undoubtedly mark a most important stage in the onward march of labor and the cause of democracy in the United States.

Big capitalists in the United States, along with their various types of labor and Social-Democratic stooges, are frightened over the Wallace candidacy. And well they may be; for it is a deep-going grass roots movement against the reactionary, imperialist policies of Wall Street. In his January message to Congress on "The State of the Union," President Truman tried to sidetrack the Wallace movement by making a speech designed to create the impression that he has returned to the Roosevelt tradition. But behind all his wordy pseudo-progressivism was the hard reactionary substance of the Wall Street-Truman Administration policy. Truman reiterated his basic program of fomenting civil war in Greece and other countries, of splitting the world into two camps over the reactionary Marshall Plan, of bypassing the United Nations on the

matter of world recovery, of establishing universal military training and other features of a huge military program in this country. For the rest, his talk was all demagogy, a cynical attempt to deceive the masses of the people with a lot of promises of social reforms which he has not the slightest intention of redeeming.

The two major weapons now being used against the Wallace movement are demagogy and Red-baiting. Politicians, labor leaders, "liberals," newspapers, clericals, radio commentators, employers—are engaging in an unparalleled campaign to deceive the workers into believing that all will be lovely if

they will but reject Wallace. At the same time, all these pro-Big-Business elements are carrying on an unprecedented drive of Red-baiting to try to intimidate the workers and others into turning against the Wallace third-party movement. But these twin weapons of deceit and threats will fail. The people of the United States are stirring against their exploiters and oppressors. The Wallace movement will not be stayed. It is the first stage of a far-reaching political realignment, the beginning of the formation of a great new national democratic coalition in the United States.

#### A NEW CONCEPTION OF THE WORLD . . .

“. . . With the clarity and brilliance of genius, this work [the *Manifesto*] outlines a new conception of the world; it represents consistent materialism extended also to the realm of social life; it proclaims dialectics as the most comprehensive and profound doctrine of development; it advances the theory of the class struggle and of the world-historic revolutionary role of the proletariat as the creator of a new Communist society.”

V. I. Lenin, *The Teachings of Karl Marx*,  
International Publishers, p. 7.



# THE COMMUNIST MANIFESTO LIVES!

By HARRY MARTEL

ONE HUNDRED YEARS AGO, during an economic crisis, and on the eve of the revolutions which were to engulf France, Germany, Italy, and other continental countries, a small London printshop issued the *Manifesto of the Communist Party* on behalf of the Communist League. Its authors were the well-known revolutionaries, social scientists, and philosophers, Karl Marx, age 29, and Frederick Engels, age 27. The German, French, and Belgian police, guardians of outworn social relations, had long been ordered to keep strict watch on these young men who were known to be engaged in the "subversive" fight for democracy.

The opening lines of the *Manifesto* announced:

A spectre is haunting Europe—the spectre of Communism. All the powers of old Europe have entered into a holy alliance to exorcise this spectre: Pope and Czar, Metternich and Guizot, French Radicals and German police-spies.

These "powers of old Europe," enemies of freedom, had their counterparts also in America. The wealthy,

"the well-born," the aristocrats, and the counter-revolutionaries were then, as today, appalled by "the spectre" of democracy. Here, the farmers and the mechanics, the majority of the people, were waging a struggle for democratic advance which was related to the struggles carried on by the workers and the other democratic forces in Europe.

The scientific expression of these class struggles was an urgent historical necessity. It came in the great work of Marx and Engels.

## ORIGIN AND AIMS OF THE MANIFESTO

The *Communist Manifesto* is the most revolutionary document in the whole of man's history. It pictures, in images that compel thought and inspire action, the birth, development, decay, and death of capitalist society. It speaks to peoples of all nations and of all tongues, because it is derived from their common class struggles, aspirations and experiences. It is a product of all great revolutionary struggles of the past, the American Revolution included.

There was nothing accidental in the fact that the Communist League, an organization of workers of many nationalities, should have called on Marx and Engels in 1847 to draw up for it a statement of its principles, tactics, and program. Young as Marx and Engels were then, they had already revealed their genius and revolutionary zeal in polemic battles

with the Bauer brothers, who exalted the élite and looked down on the masses; with Max Stirner, who was the father of petty-bourgeois anarchist individualism; with Hermann Kriege, whose *People's Tribune* in New York preached a sentimental Communism and advocated farms for the workers as the solution of the "social question"; with Wilhelm Weitling, who combined a mystical "harmony-Communism" with advocacy of revolution by the lumpen-proletariat; and, above all, with Pierre Proudhon, whose petty-bourgeois anarchist cooperative illusions had become influential in workers' circles in France. In all their works the main thought which motivated Marx and Engels was the role of the proletariat as the chief productive force in bourgeois society—as that class which, in achieving its own emancipation, is destined to free society as a whole.

While developing the theories of the *Communist Manifesto*, Marx and Engels at the same time were engaged in the practice of organizing, coordinating, and leading the class battles of the European proletariat and the general democratic movements. They founded the Communist Correspondence Committees on the continent and in England. They gathered around them such remarkable proletarians as Wilhelm Wolff, to whom Marx later dedicated *Capital* and Joseph Moll, the watchmaker who officially invited Marx and Engels to reorganize the League and to write the *Manifesto*.

At the same time, the latter were organizing proletarians in Belgium, propagating their principles in workers' groups in Paris, and winning over to their views such leaders of the Chartists as Julian Harney and Ernest Jones. Marx also became vice-president of the Democratic League, an international organization of Left-wing liberals, founded in Brussels.

It was the power and down-to-earth quality of Marx's and Engels' ideas which impelled the League of the Just, the predecessor of the Communist League, to invite them to reorganize the League and to make clear to the world what it stood for. But Marx and Engels set conditions before they agreed to accept this assignment. The old League of the Just, reflecting the embryonic stage of working-class development, in its response to ruling-class terror, was sectarian and conspiratorial in character. Marx and Engels, after extended polemics, convinced the leaders of the harmfulness to the working class of the continuation of the old conspiratorial methods of work. They insisted also that the old authoritarian centralism be replaced by democratic forms. The members of the organization, which now was to be called the Communist League, were to be the final power.

Now the revolutionary party of the proletariat could proclaim: "The Communists disdain to conceal their views and aims." This statement has been true for one hundred years. The views and aims of the Communist

Party are publicly proclaimed in its program and constitution. The enemy, naturally, uses the age-old canard about "secret" aims and "secret" tactics with the purpose of dividing the workers and the allies of the workers. Liberals are often victimized by this tale of bogeys in closets.

Bourgeois parties, on the contrary, cannot afford to express their real aims. For these aims are detrimental to the interests of the exploited masses. Let the bourgeois parties such as the Democratic and Republican parties in our country, dare to proclaim that their reason for existence is to line the pockets of the rich at the expense of the workers and farmers! We would then see how many Americans would vote to maintain that gouging "way of life."

What distinguished the *Manifesto* from all previous statements on behalf of the working class was that it signaled the historic emergence of the scientific world outlook of the modern proletariat. Here were exposed with amazing clarity the contradictions that gnaw at the heart of bourgeois society. Here too were depicted the growth and the sharpening of those contradictions that are destined to put an end to bourgeois society, "the last antagonistic form for man's social development." For these reasons the *Manifesto* has become, to quote Lenin, "a handbook for every class-conscious worker." It appeals to the mind and heart, because it is the concentrated expression of the proletariat's strivings.

Those works are immortal which,

reflecting social reality, express the deepest impulses and highest aspirations of man. The *Manifesto* ranks among the supreme achievements of mankind. It holds this place because, like the greatest of man's cultural treasures, the *Manifesto* has its source in the creativeness of the people and is a stimulus for developing that creativeness to ever higher levels.

The *Manifesto* depicted with a mighty sweep a process which was to result in the most stupendous of all of man's creations, the Union of Soviet Socialist Republics.

The *Manifesto* was "to be published in the English, French, German, Italian, Flemish and Danish languages." One of its main tenets was that the working class of each country must become master in its own house through its own, national effort. Emancipation from capitalist enslavement could not be brought to the workers of any nation from the outside. The Communist Party, representing the exploited and oppressed of the nation, is the agent of only one power, the working class.

The substance of the struggle of the working class is international, as the *Manifesto* stresses. This is because the general nature of bourgeois exploitation is the same everywhere. But the *Manifesto* warns against a pseudo-internationalism which can only bring harm to the working class because it tries to apply ready-made schemes to the varying forms of proletarian practice. For Marx and En-

gels, as for Lenin and Stalin, the nation was the indispensable framework within which the class struggle in capitalist society is carried on and within which it finds its outcome. More than that, the forms of the struggle are dictated by historical conditions, among which national traditions and characteristics play a major role. Hence the profound significance for us Americans of the following lines in the *Manifesto*:

Though not in substance, yet in form, the struggle of the proletariat with the bourgeoisie is at first a national struggle. The proletariat of each country must, of course, first of all settle matters with its own bourgeoisie.

The principles expressed in the *Manifesto* were new and indeed startling, particularly to those who had been influenced by utopian Communist theories, and, as in the United States, also by agrarian reform movements. But the advanced workers grasped the significance of this revolutionary document because they saw how brilliantly it explained the stormy class struggles in which they were engaged.

In the United States, some of the "farmers and mechanics" produced a program which combined the demand for individual farms with the revolutionary demand, the Marxist demand, for the elimination of the system of wage slavery. For instance, the movement referred to by the *Manifesto* as the "Agrarian Reformers in America," which was one of "the working-class parties" sup-

ported by the Communist League, was led by George Henry Evans, who had inscribed its program on the masthead of *Young America*. The first plank was: "The right of man to the soil: Vote yourself a farm." The tenth plank, printed in capital letters, read: "ABOLITION OF CHATTEL SLAVERY AND OF WAGES SLAVERY." And Charles Sotheran comments in his *Horace Greeley and Other Pioneers of Socialism*: "The abolition of 'wages slavery,' as well as of chattel slavery. That is the keynote of the whole movement. . . ."

#### THE MANIFESTO'S GROWING INFLUENCE

The history of the *Manifesto*, said Engels in 1888, "reflects, to a great extent, the history of the modern working class movement; at present it is undoubtedly the most widespread, the most international production of all Socialist literature, the common platform acknowledged by millions of workmen from Siberia to California."

Today, sixty years since these words were written, wherever the fight for freedom is on the agenda, the *Manifesto* is a manual of procedure. The first Workers' State, established thirty years ago, has emerged from the most devastating war in history as the greatest force for world peace and the spokesman of the democratic strivings of the peoples everywhere. The new peoples' democracies are building a so-

ciety free from dependence on the monopolist exploiters and are blazing new paths of development to Socialism. The people, headed by the proletariat, have dug a deep grave for the monopoly capitalists and landed interests who betrayed the nations to the fascist Axis. In France and Italy, millions of workers, farmers, and professional people struggle under the banner of Marxism, held aloft by the giant Communist Parties.

In China, millions, fighting for a free, independent, democratic life, are inspired by the teachings of scientific Communism. In the people's republics of Viet Nam and Indonesia; in Korea, in Africa, in the Western hemisphere, the principles of the *Manifesto* are being studied in the heat of struggle. The Greek people, resisting American imperialist oppression, are fortified by the indestructible ideas of the *Manifesto*.

In the United States, where labor has not yet attained mass class consciousness and where backward, bourgeois influences are still prevalent in its midst, the movement of the working class nonetheless takes the direction of the historic course outlined in the *Manifesto*. The giant strides made by the American workers in recent years in trade union organization have been accompanied by definite steps toward working-class independent political action, which are breaking down the pernicious theory of the permanence of the two-party system. This is the concrete historical process in the

United States toward labor's acquisition of class consciousness.

#### THE *MANIFESTO'S* PRINCIPLES VERIFIED

What indeed has happened since the *Manifesto* told of the future, as well as the past, of human society? It heralded a wave of democratic revolutions. And the revolutions came before the printer's ink on the first copies was dry. It stated that the contradictions of capitalist society would sharpen, and that their arena would be world-wide. Can anyone deny that this happened?'

Marx stated that economic crises were inevitable under capitalism, as basic manifestations of the laws of motion of capitalist society. To hope, therefore, that capitalism could exist without periodic crises of increasing severity was equivalent to dreaming that capitalism could exist without the extraction of surplus value from the proletariat and the consequent accumulation of capital. More than a hundred years of recurring crises—surely a period long enough to convince the most cautious suspender of judgment “until all the facts are in”—have demonstrated that all the Browder-advertised “intelligence” of the bourgeoisie combined could not and cannot stop the recurring economic disasters. How often have revisionists begun their miserable careers by denying the Marxian theory of crises! But no picture of the Great Crisis of 1929-1933 is more accurate than that drawn in the

*Communist Manifesto* to describe crises in general: “Society suddenly finds itself put back into a state of momentary barbarism; it appears as if a famine, a universal war of devastation had cut off the supply of every means of subsistence.” The dialectic of social development brings into “sensuous reality” the predictions of the *Manifesto*.

The *Manifesto's* main predictions have been and are substantially being verified in the struggles of our own times. The greatest verification of the predictive power of the *Manifesto* is the Union of Soviet Socialist Republics. That is why the *Manifesto* impresses the working class reader with its contemporaneous quality, both in form and content.

#### THE POSTULATE OF MARX

Any account of society which does not start from the materialist conception of history, so graphically expressed in the *Manifesto*, is doomed to failure. The story of 19th and 20th century thought proves this abundantly. All sorts of bourgeois thinkers have, in the unintentionally humorous language of the sociologists Ogburn and Nimkoff (with reference to Max Weber), “attempted a brilliant refutation” of Marx. But they failed either to be “brilliant” or to “refute.” How absurd, in the face of realities, are the twistings and squirmings of Sombart, Weber, and Croce, whose “skill” was expended in denying *that there were any laws of historical development!* Yet, this denial is the

typical approach of most modern bourgeois “scientists” in the fields of sociology, political economy, history, and anthropology.

The remarks of the historian James T. Shotwell concerning the science of history are therefore significant. In his article, “History,” in the 14th edition of the *Encyclopedia Britannica*, Professor Shotwell, who is Director of Economics and History for the Carnegie Endowment for International Peace, concludes his account of the various theories of history with the following statement regarding historical materialism: “It is an exaggeration of the theory which makes it an explanation of all human life, *but the whole science of dynamic sociology rests upon the postulate of Marx.*”

The statement by this eminent bourgeois thinker that the whole of sociology (history) rests upon the Marxian postulate is a bold recognition of a profound truth.

What is the postulate? Engels summarized it most clearly in his preface to the English edition (1888) of the *Manifesto*:

That in every historical epoch, the prevailing mode of economic production and exchange, and the social organization necessarily following from it, form the basis on which is built up, and from which alone can be explained, the political and intellectual history of that epoch; that consequently the whole history of mankind (since the dissolution of primitive tribal society, holding land in common ownership) has been a history of class struggles, con-

tests between exploiting and exploited, ruling and oppressed classes; that the history of these class struggles forms a series of evolutions in which, nowadays, a stage has been reached where the exploited and oppressed class—the proletariat—cannot attain its emancipation from the sway of the exploiting and ruling class—the bourgeoisie—without at the same time, and once and for all, emancipating society at large from all exploitation, oppression, class distinctions and class struggles. (My emphasis—H.M.)

Engels adds that this proposition was “destined to do for history what Darwin’s theory had done for biology.”

One might ask why Professor Shotwell proceeds to cut out from this monolithic Marxian postulate its very core—“the militant philosophy of Socialism.” In doing so, Professor Shotwell is forced to separate the role of the proletariat from the theory of the class struggle. To say in essence that the science of dynamic sociology rests on the class struggle and then to ignore that struggle is an unusual intellectual feat, to say the least. Only by resorting to such feats can one evade the consequences of admitting the foundational character of the Marxian postulate.

In the *Manifesto*, the movement of classes and class struggles is profoundly shown to “form a series of evolutions” which in the proletariat reach a culminating point, and therefore ushers in a new era in the social development of mankind.

The greatness of the *Communist Manifesto* is that it is a succinct body of social science. But it is that because it is the expression of the combined immediate and ultimate class interests of the proletariat in the great struggle at the heart of society.

The *Manifesto* marks an epoch in human thought. It represents a qualitative change in the study of society. It made the science of society possible. Henceforth any study of society which ignores historical materialism becomes of necessity un-historical and unscientific.

#### LENINISM—THE MARXISM OF TODAY

Lenin and Stalin, because they understood the real essence of Marxism, were able to develop and enrich Marxism on the basis of the objective needs of the proletariat in the epoch of imperialism and the triumph of Socialism. They were able thus to develop Marxism because they fought for the purity of Marxist principles against all revisionists and deviators.

It was in line with this struggle that Lenin and Stalin built the working class party of a new type, the Bolshevik party. It was by fully mastering the essence and the method of Marxism that Lenin and Stalin, by applying its teachings to the specific world conditions and the conditions of Russia in 1917, led the masses to the successful overthrow of Czarism and the abolition of capitalism. It was under the banner

of Marxism-Leninism that the toilers of Russia, having established the Dictatorship of the Proletariat, achieved the highest form of democracy, Socialist democracy.

This party was created and reared in the uncompromising struggle against economism which advocated the theory of spontaneity, the automatic development of the working class. In the struggle against spontaneity Lenin emphasized the crucial role of consciousness, of revolutionary theory, for the development of the revolutionary movement.

But how did the Party of the new type conceive class consciousness? Was it something with which one is born? For Marx and Engels, Lenin and Stalin, class consciousness is not a “natural” direct outcome of the conditions of existence of the worker. It is, rather, a complicated process ranging from what Lenin called “embryonic” consciousness to Party consciousness, the highest form of class consciousness. This process takes place in and through struggle.

To confine the notion of class consciousness to narrow trade union interests, to wage interests alone, is to constrict the development of the working class and in essence to surrender to the ideology and program of the bourgeoisie.

Class consciousness in its developed form among the workers, as the *Manifesto* points out, arises with “the organization of the proletarians into a class, and consequently into a political party.”

The *Manifesto* makes clear that

the main task of the working class is “to establish democracy,” that is, true, consistent democracy, Socialist democracy, whose essence is the abolition of exploitation of man by man. Because Communists are dedicated to this highest form of democracy they are foremost in the fight for the workers’ rights and economic security, in the fight against national and racial discrimination, against the crushing of free expression in politics, science, and the arts, and against militarization, fascization, and war incitement. This, indeed, explains why monopoly capital and its agents, the enemies of even the limited bourgeois democracy, are so anxious to suppress the Communist Party. For they know that democracy and the principles of the Party of the working class are inseparable. To destroy democracy, as they intend to do, the monopolists must try first to destroy the Communist champions of democracy. This has been the aim of reaction ever since the *Manifesto* proclaimed the battle for democracy as the historic task of the working class in its march to Socialism.

#### THE MANIFESTO TODAY

The *Manifesto* is alive. It lives in the mighty Socialist state, the Soviet Union. It inspires and guides the forces of people’s democracy and Socialism everywhere. This work of the youthful Marx and Engels is ever youthful, militant, and potent. Reading it today, one hundred years after it was written, is an enriching experi-

ence. The struggle of democracy and peace, headed by the Soviet Union, against reaction headed by Wall Street, is destined to end in the victory of the people. The struggle of the old and new, so vividly analyzed in the *Manifesto*, is reaching a new high stage. The *Manifesto* teaches us that there is no short road to victory, that the path of the proletariat is strewn with dangers. It teaches us not to fear, but to overcome, the difficulties which arise in the struggle. The *Manifesto*, as Lenin stressed, calls on us to make an objective analysis "of the position of each class in modern society in connection with an analysis of the conditions of development of each class."

Defining the position of the Communists in relation to all democratic movements of the people, the *Manifesto* declares: "Finally, they [the Communists] labor everywhere for the union and agreement of the democratic parties of all countries."

The substance of this statement is profoundly pertinent today. Here is expressed the vitality of Marxism as the guide to action in the United

States. For Marxism, "democratic parties" means all movements against reaction and for progress. Today, as always, the Communist Party, as the Party of Socialism, supports fully every such movement.

In the United States the democratic movement embraces all groupings who wage battle against the twin parties of the Truman-Marshall doctrines of imperialist world enslavement, of criminal war preparations, of the Taft-Hartley slave-labor law, thought control, and fascization.

All the democratic forces of the people can find in the *Communist Manifesto* principles of guidance in the fulfillment of the immediate historic task—the formation of an anti-imperialist, anti-fascist, independent people's party, led by the working class.

This is the historic path of development of the independent political role and of the class consciousness of the American working class. This is the road America must and will take in its inevitable advance toward Socialism.

The *Communist Manifesto* lives!

## MR. TRUMAN'S GLOVE AND THE MAILED FIST

By MAX GORDON

WHEN HENRY WALLACE declared himself an independent candidate for President, one thing became immediately predictable with the accuracy of an exact science; namely, that President Truman would at once adorn himself with the ersatz garlands of "liberalism."

The classic processes of the two-party system in the United States made it certain that the leaders of one of the two major parties—the Democratic Party—would make a valiant, if ponderous, effort to contain the new third-party movement by verbal gestures directed at its potential following.

The obvious tactic was for the leader of that party to pose as the inheritor of the ideals of his great predecessor in office, as the champion of the New Deal and F.D.R.'s Economic Bill of Rights.

And so it was that President Truman's "State of the Union" message to Congress paid lip-service to the aims of the late President in the field of domestic welfare. Considering that Truman had long ago made it plain he was not conducting the af-

fairs of state in the tradition of his predecessor, his performance could hardly be convincing.

The fact that his "ten-year plan" for social betterment was projected within the framework of gigantic war preparations emphasizes its hollowness. The Truman program is geared to give the nation guns, not butter.

The President's reason for invoking the Roosevelt program on domestic policy was not concerned with election line-ups alone. For the Wallace movement threatens not only to affect the outcome of the November Presidential contest, but to hamper the aggressive policies of American imperialism at home and abroad.

It was necessary for the President to make strong verbal concessions to the official labor and liberal leaderships in the nation—both to keep them in line for his foreign program and to aid them in keeping their memberships and followers in line, as far as this was possible.

### THE HEART OF TRUMAN'S PROGRAM

The real content of the "State of the Union" message, to which all else was subordinated, was the foreign policy section, which reaffirmed the Truman Doctrine of military support to feudal, pro-fascist elements throughout the world in their warfare against progress and democracy; which emphasized the companion Marshall Plan for bolstering reaction

and "free markets" for Wall Street investment in Western Europe; which called for a program of Universal Military Training; and which insisted that "America must maintain strong armed forces."

If there was any doubt that this was the heart of the Presidential message to Congress, Truman's proposed budget for 1948-49 should have effectively dispelled it. In a total of \$39,669,000,000, the President set aside \$18 billion, or 46 per cent, for the armed forces and for actual economic and military warfare abroad.

He set aside a total of \$463 million—or a little more than one per cent—for all the brave new projects he had talked about in his "State of the Union" message. Contrast the \$400 million projected for Universal Military Training alone with the \$37 million for national public housing, with the \$15 million for health, with the one million dollars to fight job discrimination, or even with the \$100 million to be distributed to the states for various forms of public welfare.

The \$400 million for U.M.T. is nearly 40 per cent more than the \$290 million which the President proposed for Federal aid to the hard-pressed school systems of all states.

The token character of the budget appropriations for these New Deal programs tore from Truman whatever shred of pretense might still have remained concerning his sincerity in projecting them. The idea of asking for the grand sum of one million dollars to combat discrimi-

nation in industry until June 30, 1949, borders on the fantastic. Neither does it take a blueprint to describe the absurdity of a \$37 million request for national public housing—enough to construct only two housing projects!

Plainly, these social welfare requests were intended to cover the nakedness of the President's imperialist "bipartisan" foreign policy and to give the Republicans a chance to exercise their budget-cutting energies without touching the meat of the Truman program.

#### THE TAFT-HARTLEY RECORD

In his remarks on the Taft-Hartley Law, Truman's only positive statement was his pledge that he would faithfully continue to administer it. He made no plea and advanced no program for repealing or even amending it. He confined himself merely to calling attention to the veto message of last summer.

This reference to the past veto in order to cover a present acquiescence underscored the wide interpretation last summer of his veto message as a political document intended merely to place Truman formally on record against the measure.

American Big Business, following classic capitalist methods, uses both repression and bribery in its efforts to shackle labor's opposition to its policies. In this case, the concessions offered by Truman have been verbal, but the repression has been real. The course taken by the President in rela-

tion to labor's struggles, both before the Taft-Hartley Law was enacted and during its passage and operation, must lead all but the naive to the conclusion that he is in thorough sympathy with the repression.

His price control record is similar, though the demagogy has been, if possible, even greater. There was one way, and one way alone, by which this Congress might have been forced to yield in its opposition to any checks on profiteering. Had the President boldly projected, without apology, a genuine price control program around which he could rally the hard-pressed people, he might have forced even the 80th Congress to make substantial concessions toward limiting inflation.

He did not do this because he did not want to. Was he not, after all, the man who in 1945, immediately following V-J Day, relaxed price controls and scrapped priorities on scarce materials vital to home building? Was he not the man who in 1946, yielding to the pressures of Big Business and its Republican spokesmen, destroyed O.P.A. root and branch? Was he not the man who in 1947 labelled price control the "method of the police state"?

Did he not, in the special session last winter and in his most recent messages, ask for secondary powers to "control" inflation and promise to apply whatever powers were granted him only after all other methods, including pleas for "voluntary" action, had been exhausted? And did he not promise, too, that only in rare

instances under particular circumstances would controls be applied?

Surely such a program could not inspire the people to act militantly in support of price controls. It most certainly could not inspire labor to such action, for Truman insisted upon associating price ceilings with wage controls at a time when labor's wages had fallen far behind prices.

The Truman "anti-inflation" proposals hinge upon his getting discretionary powers in determining what items are to be controlled, and when and to what degree. Since Administration policy centers on gearing the nation for military adventures abroad, such powers are dangerous. They can, and doubtless would, be used primarily for the purpose of speeding war preparations and saddling the people with the costs.

Any genuine price control program must spell out the terms and the scope of controls and not leave it to the President's discretion. It must also provide for administration by committees in which labor and consumer bodies are adequately represented.

#### TAX-CUT POLITICS

The one progressive-sounding point in Truman's Congressional program not borrowed *in toto* from the Roosevelt domestic program was the proposal for a \$40 income tax rebate to each taxpayer for himself and his dependents, the revenue so lost

to be made up by higher tax rates on corporations.

It has been repeatedly stated that Truman did not really make his proposal seriously, that he knew both Republicans and Democrats would turn thumbs down on it at once. This is doubtless true. Yet he appeared to have a motive beyond demagoguery in projecting it. For one thing, he was fearful that the G.O.P. tax-cut program, by slicing total income more than five billions, would place in jeopardy the program of foreign intervention. His own proposal was, first, an effort to stalemate the tax situation so as to prevent a cut of any kind if he could. Failing that, he would be in a better position to veto the G.O.P. tax-cut plan by having offered something positive himself, something that would permit him to emerge from the scuffle as champion of the common man.

The fact that Truman tied his tax plan to the problem of curbing inflation indicated, too, that he intends to use promised tax cuts as an argument against wage increases. Both the President and the professional apologists for Big Business have been suggesting that if some concessions are made to the workers in the form of a tax cut, the pressure for higher pay can be relieved. This, they insist, will slow up inflation on the false theory that higher wages are directly responsible for higher prices.

Regardless of motive, the tax proposals made by the President were of themselves proper in principle but inadequate in amount. A \$40 tax cut

amounts to the same thing as raising the exemption to \$700 per person from the present \$500. But prewar exemptions, those demanded by labor and its progressive friends, were \$1,000 for a single person and \$2,500 for a married couple. To meet prewar exemptions, tax cuts would have to range from \$75 to \$150 per person.

Nor did the President's proposal to increase corporate taxes about 12 per cent meet the situation. Corporate taxes would still run far below the yield of 1944 and 1945, years of the excess profits tax, though profits today before taxes are far greater. Repeal of the excess profits tax was, incidentally, one of the earlier achievements of the Truman Administration.

#### THE CIVIL RIGHTS BLUFF

Finally, the President had some brave words to say about human and democratic rights. The deep-grained oppression of the Negro people, the continued growth of anti-Semitism, and the developing witch-hunts have placed the Government at a disadvantage in its world quest for power, a quest that has required its use of "democratic" bluff. Its bluff is being called and the President is hard put to it to maintain it.

This is the fact behind the brave words, this and the desire to retain in the Truman fold the Negroes, the Jews, the other oppressed, and all who are vitally concerned with safeguarding civil liberties. But the reality belies the words. The President

continues to play it close to the Southern Tories; he continues his "loyalty" witch-hunt; he sanctions the notorious purge list of organizations deemed "subversive" by the Attorney General; he gives his tacit assent to the fascist-like operations of the Un-American Committee and to the deportation drive of his Immigration Service.

Considering the direction in which the Administration is traveling, it can scarcely be otherwise. A nation's economy and politics cannot be geared to a reactionary war policy without the suppression of civil liberties and the promotion of chauvinism.

If there is little correspondence between his words and deeds, there is a close correspondence between his aims and those of the G.O.P. leadership in Congress on the issues which the President genuinely intends Congress to place on its order of business. The bitter battles between them—partly sham, partly on tactics and detail, and mostly for partisan advantage—should not be allowed to obscure this correspondence.

It is not enough, of course, simply to argue that President Truman's progressive-sounding phrases mask a reactionary program. The cover of demagoguery will be ripped from his policies and their true content revealed to the people only to the extent that a popular struggle is waged for a positive program of peace, democracy, and social welfare.

There is ample ground for the de-

velopment of wide coalitions in support of a peace program based upon a policy of friendly cooperation and agreement with the U.S.S.R. and on faithful execution of the accords of Yalta and Potsdam relative to consolidating a democratic peace. These are fundamental conditions for the reconstruction of the world's devastated areas through the United Nations. Coalitions can also be developed on the widest scale to support a civil rights program which would repeal the Taft-Hartley Law; pass anti-poll tax, anti-lynch, and F.E.P.C. legislation; eliminate the Un-American Committee, fascist thought control, and the rest of the witch-hunting set-up; which would support an economic program to restore genuine price controls and higher real wages; gear the Government to a full-scale home-building program and real rent control; develop public health and education; and fight for the other progressive measures of the Economic Bill of Rights laid down by F.D.R.

These issues are already embodied in the program of the broad forces now gathering around the Wallace-for-President movement. The popular, anti-imperialist, third-party movement headed by Wallace has already rendered the American people a tremendous service by opposing the disastrous and defeatist "lesser evil" line. The Truman demagoguery is clearly calculated to feed the "lesser evil" surrender to the mailed fist of fascization, militarization, and the Truman-Marshall plans for

world domination. The "lesser evil" fraud can be defeated, and the people won to the third party to the extent that immediate struggles are developed around the program outlined above.

### THE CHARGES AGAINST COMMUNISM . . .

"The charges against Communism made from a religious, a philosophical, and, generally, from an ideological standpoint, are not deserving of serious examination.

"Does it require deep intuition to comprehend that man's ideas, views, and conceptions, in one word, man's consciousness, changes with every change in the conditions of his material existence, in his social relations, and in his social life?"

"What else does the history of ideas prove, than that intellectual production changes its character in proportion as material production is changed? The ruling ideas of each age have ever been the ideas of its ruling class."

Karl Marx and Frederick Engels,  
*Manifesto of the Communist Party.*

# THE ACTIVITIES OF THE CENTRAL COMMITTEE OF THE COMMUNIST PARTY OF THE SOVIET UNION (BOLSHEVIKS)\*

By GEORGI M. MALENKOV

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COMRADES,

The Central Committee of the Communist Party of the Soviet Union has instructed me to submit to the present Conference of Communist Parties an informative report on the activities of the C.C., C.P.S.U. (B.). The work of the C.C., C.P.S.U. (B.) is so many-sided that in order to fulfill my assignment successfully and not overtax your attention, I shall have to limit the scope of my report. I propose, therefore, to report on the activities of the C.C., C.P.S.U. (B.) in the postwar period and deal, *firstly*, with the problems of directing the national economy of the U.S.S.R.; *secondly*, with questions of building the Party; and *thirdly*, with questions of foreign policy.

## I. DIRECTING THE NATIONAL ECONOMY IN THE POST-WAR PERIOD

The victorious conclusion of the Second World War, which we in the U.S.S.R. call the Great Patriotic War, and the passage from war to peace, confronted the C.P.S.U. (B.) with new and complex problems of liquidating the aftermath of the war and of securing the further development of Socialist construction. The Party had to make a serious turn—from solving wartime tasks to the solution of economic and cultural tasks.

The tasks of the Party and of the Soviet state in this new period were defined with the utmost clarity by Comrade Stalin.

"We must," stated Comrade Stalin, "in the shortest possible space of time heal the wounds inflicted on our country by the enemy and attain the prewar level of economic development, so that we can considerably surpass it in the near future, raise the

\* Informative report to the Conference of representatives of a number of Communist Parties held in Poland at the close of September, 1947.



material well-being of the people and further strengthen the military and economic might of the Soviet state."

Our Party took into account the fact that the successful accomplishment of these tasks involved overcoming serious difficulties, inasmuch as the recent war was for the Soviet Union the most cruel and difficult of all wars ever experienced by Russia.

The war entailed many sacrifices for the Soviet people. As a result of the German invasion the Soviet Union lost some 7 million people, who were killed in action, perished during the occupation or were forcibly driven off to Germany.

Tremendous damage was done by the German fascist invaders to the Soviet national economy. The fascist vandals destroyed and razed to the ground tens of thousands of industrial plants, state farms, machine and tractor stations and collective farms. They destroyed the entire network of railways in the western part of our country, devastated and ruined whole districts, destroyed the fruits of many years of strenuous work by the Soviet people, and left millions of Soviet people homeless. The damage done by the German fascists by the outright destruction of property alone, amounts to 679 billion rubles.

Any other country, even the biggest of the capitalist states of today, would, as a result of such losses, have

been retarded in its development for dozens of years, and would have become a second-rate power. But that did not happen to the Soviet Union. The Soviet state and social system stood the severe test of the war and proved its superiority over the capitalist system.

The great historic victories won by the Soviet Union during the war were possible only due to the preliminary preparations for defense made by our country under Comrade Stalin's leadership in the prewar years. It would be a mistake to imagine that a victory of such historic importance could have been achieved without preliminary preparations for active defense by the entire country, or that such preparations could have been effected in a short space of time, say in 3 or 4 years.

To withstand the blows of such an enemy as Hitler-Germany, to repel this enemy, and then inflict utter defeat on him, required, apart from the unexampled bravery of our troops, the possession of armaments that were quite up-to-date and, moreover, in sufficient quantities; and of a well-organized system of supplies available in sufficient quantities. To make that possible one had to possess metals, fuel, a developed engineering industry, grain and cotton. But in order to have all this, our country had to be transformed from a backward agrarian country into an up-to-date industrial state. This historic transformation was effected in the

course of the three Five-Year Plan periods, beginning with 1928.

Even prior to its participation in the Second World War, the U.S.S.R. possessed the minimum of material resources necessary to meet the basic requirements of the battle fronts. These material resources were created as a result of the fulfilment of three Five-Year Plans of national economic development by our country and our Party under the leadership of Comrade Stalin. Thereby was established the economic base of the U.S.S.R. that could be used for the conduct of a victorious war.

As is generally known, the Party's policy, aimed as it was at the industrialization of the country and the collectivization of agriculture—a policy without which it would have been impossible to prepare the country for active defense—met with the furious and active opposition of the enemies of Socialism, not only outside, but also inside, the Soviet Union. This policy of the Party had to be carried out in bitter struggle against various counter-revolutionary Trotzkyite and Bukharin-Rykov groupings, against these contemptible traitors and capitulators, who, being in the pay of foreign intelligence services, tried to undermine the strength of the Soviet Union from within and create a situation favorable to our enemies in the event of war.

The Party gave way neither to the threats nor to the hysterical howls of any of these elements, but confi-

dently marched forward in the teeth of all odds. The Party did not adapt itself to backward elements; it was not afraid to go against the stream, always maintaining its position of a leading force. Had the C.P.S.U. (B.) not possessed this steadfastness and stamina, it would have been unable to maintain its policy of industrializing the country and collectivizing agriculture and, consequently, would have been unable to prepare the country for active defense, or to ensure the economic conditions necessary to achieve victory in the war against fascism. The Party routed all anti-party and anti-Soviet forces, and thus nipped in the bud all possibilities of a "fifth column" appearing in the U.S.S.R. The war demonstrated the unprecedented unity of the Soviet people, and their solid support of the Bolshevik Party. This constituted one of the major conditions of the Soviet Union's victory in the war.

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However the powerful economic prerequisites existing in the Soviet Union at the outbreak of the war could not of themselves ensure victory. They had to be efficiently utilized, rapidly mobilized to serve the needs of the war and reorganized to meet wartime requirements. In the difficult conditions of the war, in the face of the enemy's blows during the first stage of the war, the Party managed in an exceptionally short space of time to place the entire economic

life of the country on a war footing, in accordance with the needs of the front, and to subordinate all economic activities to the slogan "Everything for the front."

The hopes placed by our enemies on an internal instability of the Soviet political system proved to be groundless. The Hitlerites based their calculations on the disintegration, during the war, of the Soviet multinational state, on the development of strife and discord among the peoples inhabiting our country. They utterly miscalculated. The war demonstrated the indestructibility of the Union of Soviet Socialist Republics and the firmness and enduring character of the friendship binding its peoples. All the peoples of our country, headed by the great Russian people, rallied round the Bolshevik Party and the Soviet government, rose in defense of their national independence and liberty, in defense of the achievements of Socialism in our country. The amity developed between the peoples of our country as a result of the triumph of the new Socialist system and our Party's correct national policy were for the Soviet Union a source of strength and stability. ". . . the Soviet state system," Comrade Stalin said, "has proved itself a model for a multinational state . . . the Soviet state system is a system of state organization in which the national question and the problems of collaboration among nations has been settled

better than in any other multinational state."\*

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Despite the sacrifices it made, the Soviet Union emerged from the war with added strength and might. The superiority of the Socialist system of society and state, the establishment of a developed Socialist industry and the introduction of the collective farm system in the countryside brought us victory during the war. Today, also, when the Party has undertaken the work of rehabilitating and developing the national economy, this superiority is manifested with the utmost clarity. Whereas the conversion from war to peace is being accompanied in the capitalist countries by the further aggravation of the general crisis of the capitalist system and is leading to a sharp contraction of markets, to a slump in production, to the closing down of industrial plants, to growing unemployment, to the impossibility of finding jobs for ex-servicemen, and so forth—the Soviet Union, thanks to its Socialist system of national economy, has been spared such postwar upheavals. In the Soviet Union there are neither crises nor unemployment, but a steady development of production and improvement in the material well-being of the people.

The tasks involved in the postwar

\* J. V. Stalin, "The Results of the War and the New Postwar Tasks," February 9, 1946 (*The Soviet Union and World Peace*, New Century Publishers, New York, 1946, pp. 9-10).—Ed.

rehabilitation and development of the national economy are set forth in the new Five-Year Plan for 1946-1950. The basic economic and political task of the Five-Year Plan is to rehabilitate the war-ravaged districts, reach the prewar level in industry and agriculture, and make a substantial advance above this level.

The Five-Year Plan stipulates that the prewar level of industrial output be achieved by 1948. For the subsequent years the plan visualizes a fifty per cent increase in industrial output over and above the prewar level, and priority in rehabilitating the heavy industries and railways, without which the rapid and successful restoration and further development of the country's economic life is impossible. The rehabilitation of heavy industry will serve to consolidate the country's technological and economic independence.

The Five-Year Plan sets out to achieve the development of agriculture and of the branches of industry engaged in producing articles of general consumption, in order to ensure the material well-being of the peoples of the Soviet Union and create within the country an abundance of basic items of general consumption.

We have to surpass the prewar level of national income and national consumption, and eliminate in the near future the rationing system, replacing it by a highly developed system of Soviet trade. We have to devote special attention to extending the production of consumer goods,

to raising the standard of living of the working people by steadily lowering prices, and to consolidating money circulation and Soviet currency.

The Five-Year Plan proceeds from the premise that it is necessary to ensure further technical progress in all branches of the economic life of the U.S.S.R., as the condition for a mighty advance in production and increase in the productivity of labor. With this aim in view we have set ourselves the task, not only of catching up with scientific achievements abroad, but of surpassing them.

The Five-Year Plan outlines important tasks concerning the further enhancement of the material and cultural standards of the working people of the U.S.S.R. It provides for the rehabilitation and extension of the existing network of schools and universities, the improvement of the public health service, and the development of housing construction on a large scale, etc. As one of its chief aims, the Five-Year Plan sets out to secure the fullest development of Soviet culture and art.

The Five-Year Plan is aimed at the further enhancement of the Soviet Union's defense capacity and at equipping its armed forces with the most up-to-date material. In order to safeguard our country against eventualities of every kind, defend the peace and avert fresh aggression against the U.S.S.R. and its allies, we have to strengthen the armed forces of the Soviet Union, strengthen the

military and economic might of the Soviet state.

The fulfilment of the new Five-Year Plan, while ensuring the rehabilitation and development of our national economy, at the same time signifies the resumption of the path of development of Soviet society pursued by us before the war and temporarily interrupted by the war. This path is the path of consummating the construction of a classless Socialist society and of the gradual transition from Socialism to Communism. In this respect the new Five-Year Plan marks an important step forward.

The results of the year 1946 and of 1947 so far, show that the fulfilment of the new Five-Year Plan is proceeding successfully. In the course of the first year of the new Five-Year Plan period our industry reverted to the production of civilian goods. The rehabilitation of the districts that suffered the German occupation is proceeding apace.

The fulfilment of the Five-Year Plan is being accomplished amidst a mighty upsurge of labor enthusiasm. Throughout the entire country, in industry and the transport system, Socialist competition has developed for the fulfilment of the 1947 plan ahead of schedule, by the thirtieth anniversary of the October Socialist Revolution. Plan fulfilment in such key industrial centers as Moscow, Leningrad, the Donets Basin, the Urals, Gorky, the Kuznetsk Basin and elsewhere, justifies our expecta-

tions that the objectives for 1947 will be successfully realized ahead of schedule. This will signify a speeding up of the fulfilment of the Five-Year Plan as a whole.

As a result of this work, production of coal, copper, aluminum, nickel, electric power, tractors, machine tools and certain other types of machinery had, in July, 1947, approached the prewar figure.

Thus, 18 months of struggle for the fulfilment of the Five-Year Plan have demonstrated the possibility of developing certain branches of industry at a more rapid pace than was originally anticipated. In view of this, certain original target figures of the Five-Year Plan for various branches of industry are being reconsidered and raised.

Mention should be made of the importance of industrial development in the Eastern parts of the country. The industrial base in the East, built up during the period of the Stalin Five-Year Plans, was greatly extended and strengthened during the war years in connection with the transfer there of over 1,300 industrial establishments from the Western regions. This constituted one of the decisive factors in the victorious prosecution of the war. In the war years the Eastern regions provided tens of thousands of tanks, pieces of artillery, aircraft, huge supplies of munitions, etc., for the battle fronts. In the postwar period, industrial establishments located in the Urals, Siberia, the Transcaucasus

and Central Asia have been rapidly converted for peacetime production.

Under the new Five-Year Plan the Eastern regions assume an ever more important role in the economic life of the U.S.S.R.

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It goes without saying that the postwar rehabilitation of the country's economic life cannot proceed smoothly or spontaneously and without difficulties. No small number of difficulties has to be overcome in fulfilling the Five-Year Plan.

The transfer of the national economy from a war to peace footing in itself entails many difficulties of an economic, organizational and technical nature. Nor should it be forgotten that reconversion to peacetime production had to be effected amidst such additional difficulties as those created by the drought of 1946—one of the most severe droughts in the history of our country—which led to crop failures in the basic grain-producing areas. That we were able in such conditions successfully to overcome these additional difficulties, to cope with the task of supplying the population with food, and moreover to fulfil the program set for the first year of the Five-Year Plan, is to be ascribed to the advantages afforded by the Socialist economic system and to the correct policy of the Party in the supervision of the national economy.

Here I wish to point out how enormously important as far as con-

cerns the strength of the Soviet state is the fact of its possession of material and food reserves. Without reserves, planned economic development would be impossible. Material reserves are a powerful means of overcoming all sorts of difficulties and serve as a guarantee against the eventualities and unexpected developments of all kinds which may confront us in the course of our economic progress. That is why the Party attaches special importance to the accumulation of state reserves.

In dealing with the difficulties attending our development, mention should be made first and foremost of the difficulties encountered in procuring manpower for industry, building and transport. These difficulties arose even before the war and were aggravated by the war.

The absence of unemployment in the U.S.S.R. has created totally new conditions for the development of industry and transport from the point of view of manpower supply.

Under capitalism employers draw the manpower they require from the reserve army of unemployed, which swells during periods of crisis, contracts somewhat in boom periods, but never disappears so long as the bourgeois system exists. This army is a constant concomitant of capitalism. The reserve army of unemployed is swelled by impoverished peasants, driven into industry by the fear of hunger, by impoverished urban petty-bourgeois elements—handicraftsmen, petty traders—com-

pelled in the end to sell their labor power to the capitalists.

Socialism has eliminated these sources of the replenishment of manpower reserves, which involve untold hardships for the working people. We no longer witness the flight of the peasant to the towns. We have no impoverished petty-bourgeoisie in our towns. There is no longer any spontaneous influx of manpower.

On the other hand, extended Socialist reproduction is unthinkable without the steady numerical growth of the working class. Our industry and transport require constantly increasing contingents of workers. In the Five-Year Plan period the number of workers and office employees in the U.S.S.R. should increase by more than six million. The enrollment of new workers into industry, transport and building is therefore one of the decisive conditions for the fulfilment of our plan to rehabilitate and develop the national economy. This task, no easy one even under normal conditions, becomes all the more complicated in the postwar period when our losses in manpower during the war inevitably begin to tell, all the more so since these losses were at the expense of the most active sections of the Soviet working population.

That is why the Party and the Soviet state are devoting special attention to the planned distribution of manpower and to finding new sources from which the supply of manpower can be replenished. Un-

less the necessary reserves of manpower are built up, there can be no development of Socialist industry. Hence, the building up of state manpower reserves, the training of fresh contingents of workers in vocational training establishments and factory schools, as well as their distribution in planned fashion in accordance with the requirements of the various branches of the national economy—these are questions of special concern for the Party. The Five-Year Plan makes provision for the training of four and a half million workers under this system.

But we are also confronted with difficulties of another nature. In connection with the international situation as it has taken shape after the war, we cannot count on the import of any substantial quantity of the equipment we need and must therefore to a still greater degree depend on our own resources. This entails additional efforts in organizing the home manufacture of new types of industrial equipment which under more normal international conditions we could import from abroad.

All these difficulties cannot but tend to retard the pace of our development, the completion of new industrial plans and the carrying out of our plans of capital construction.

Serious difficulties have also to be overcome in agriculture. The war temporarily held up the development of our Socialist agriculture, weakened its material and technical base. Our industry, diverted to the satis-

faction of war needs, was compelled to discontinue the production of tractors and greatly to reduce the output of farming machinery, spare parts and fuel for agriculture. The war years saw a decline in the areas under crops and a deterioration in the quality of land cultivation; crop yields fell, the cattle population decreased and the yield of livestock likewise fell. To these difficulties engendered by the war there were added the difficulties arising out of the drought which gripped certain areas of the country in 1946.

Faced with this situation, the Party adopted a number of special measures designed to facilitate the development of agriculture and to consolidate the collective farm system. In February, 1947, the Plenary Session of the Central Committee of the C.P.S.U. (B.) adopted a detailed resolution on measures for the development of agriculture in the postwar period. The Party's main concern with regard to agriculture at the present time is to achieve the organizational and economic strengthening of the collective farms and to extend the material and technical resources available for agriculture. Violation of the Collective Farm Rules, which was detrimental to the collective farms, was resolutely cut short by the Party and steps were taken to improve the organization and payment of labor on the collective farms. At the same time, the Party is taking steps to increase the output of tractors, combine harvesters and other

agricultural machines, as well as of mineral fertilizers necessary for agriculture.

The Central Committee's decision outlines a detailed program for the development of agriculture in the postwar period. It enumerates ways and means of increasing the output of grain and technical crops (cotton, sugar-beet, hemp, etc.), of improving cattle-raising, of improving the quality of land cultivation, of improving the work of machine and tractor stations and state farms. The decision also formulates the tasks confronting Socialist industry in providing technical equipment for agriculture. All these measures are designed to strengthen rapidly and develop agriculture in our country and consolidate the collective farm system. Agriculture must be developed to a degree that will enable us in the shortest possible time to create an abundance of food for the population and raw materials for industry, and to accumulate the necessary state reserves of food and raw materials.

The Soviet peasantry responded to these measures of the Party and the government by a mighty wave of labor enthusiasm which had a favorable effect on the fulfilment of the agricultural program for 1947. Socialist competition for high crop yields in 1947 developed throughout the country, embracing the widest sections of collective farmers. The government established special awards for foremost workers in agriculture and cattle farming, confer-

ring on them the title of Hero of Socialist Labor and awarding them various decorations.

This year's spring sowing was carried out successfully and some eight million hectares\* were added to the crop area as compared with last year's figure.

Harvesting this year proceeded with similar success, in a more organized fashion and at a more rapid pace. The same can be said of the grain deliveries now in progress.

Preliminary figures indicate that this year our agriculture has made an important step forward in solving the grain problem, in building up state reserves of food and raw material. A new step has been taken in strengthening the collective farms. This creates the necessary conditions for the further improvement in the supply of food for the population of industrial areas.

The successes scored by agriculture create the conditions for abolishing the rationing system throughout the Soviet Union this year. Rationing was indispensable during the war, fought on so large a scale, when we had to cut down consumption in the rear in order to ensure a regular supply of food for the army at the front. Now that the war is over and the army demobilized, the need for the rationing system has disappeared and it must be eliminated. The Soviet state can return to normal trade and to an all-round development of

production and consumption. The drought in certain areas and the decrease in state food stocks made it necessary to postpone the abolition of rationing from 1946 to 1947. The Soviet government has already introduced a number of measures to eliminate the existence of different prices, with a view to preparing for the abolition of rationing.

Our work in fulfilling the Five-Year Plan constitutes the initial stage in the carrying out of the tasks which Comrade Stalin placed before the Soviet people. These tasks are to secure a new and mighty development of the national economy which would enable us to raise the level of industry approximately threefold as compared with the prewar standard. In the next three Five-Year Plan periods we must make it possible for our industry to produce annually up to 50 million tons of pig iron, up to 60 million tons of steel, up to 500 million tons of coal, and up to 60 million tons of oil.

## II. PROBLEMS OF BUILDING THE PARTY

The chief and most characteristic feature in the life of our Party, the foundation of all its successes, is its indisputable authority among the people of our country and the unlimited support which the Party's policy enjoys among the Soviet people. The Party's correct policy made for the firm moral and political unity of the Soviet people.

This enabled our Party to organize the defeat of the enemy in the Patriotic War and to rally the entire nation to the successful fulfilment of the work of eliminating the terrible aftermath of the war.

The moral and political unity of the Soviet people found profound and clear-cut expression in the victory of the bloc of Communists and non-Party people in the elections to the Supreme Soviet of the U.S.S.R. held last year and in this year's elections to the Supreme Soviets of the Union and Autonomous Republics. The elections, held amidst tremendous political enthusiasm, once more demonstrated the unbounded confidence and support enjoyed by our Party among the people.

The war demanded of our people enormous sacrifices and severe hardships. It is but natural that during the war the vital material and cultural requirements of our people could be met only to a limited degree. The transfer from war to peace makes it incumbent upon us, therefore, to introduce measures aimed at abolishing these limitations and at satisfying all the material and cultural requirements of the people. At the same time, during and since the end of the war, there has been a steady rise in the political and cultural level of the masses. The Soviet people want to be able to satisfy all their requirements, both material and cultural.

All of this makes new and more serious demands on the Party, as regards the level of Party leadership

and the quality of the work of the Party organizations.

In the light of these new demands and in connection with the conclusion of the war and the transition to peacetime conditions, it was necessary seriously to reshape the work of the Party organizations. This proved all the more necessary since certain shortcomings in the work of Party organizations came to the surface, which had remained unnoticed during the war. First and foremost, these shortcomings concern organizational and ideological activities.

The successes of our Party and the test which Party and Soviet cadres withstood during the war do not in the least justify any attempt to rest and to be content with what has been achieved to date. On the contrary, the new tasks of economic and cultural development confronting our country after the war, as well as the entire international situation, insistently demand that the C.P.S.U. (B.) constantly raise the level of all Party and ideological and educational activities.

One of the prime tasks in this connection is improving the work of our Party organizations. During the war Party organizations performed a tremendous job in organizing work behind the lines and in the transfer of industry to war purposes. Under wartime conditions Party organizations were often compelled to take upon themselves the work of economic administration. This was correct under the conditions then exist-

\* One hectare equals 2.471 acres.—Ed.

ing. However, we could not but notice that this gave rise also to certain negative phenomena in the work of Party organizations, led to a weakening of inner Party activities, and at the same time tended to have Party organizations perform the work of state and economic bodies. Thus, one of the fundamental principles of Bolshevik leadership was violated.

At present the Party has formulated as one of its major tasks that of strengthening local Party bodies and of improving the work of Party organizations. To raise the level of inner-Party work as well as the level of Bolshevik leadership in state and economic activities—this is one of the major tasks of inner-Party work in the present stage.

The fulfilment of these tasks is intimately associated with the development of Bolshevik criticism and self-criticism which constitute a basic requisite for the development of our Party.

The Party regards as a main task the further strengthening of the Soviet state, perfection of the administrative apparatus and improvement of its work.

During the war the state apparatus contributed in no small share to the proper fulfilment of the directives issued by the Party and Soviet government. The results of the Party's work in building up a flexible and efficient state apparatus, in training cadres of state officials devoted to the cause of the Party and possessing

the necessary knowledge and organizational ability, were clearly brought out in this situation.

At present, administrative bodies are bringing to the fore economic and organizational as well as cultural and educational activities; they are striving to achieve improved observance of Soviet laws, are combating the remnants of the proprietary outlook, and are working for the further consolidation of Socialist property and for higher discipline in all spheres of activity.

Under these conditions the Party has adopted measures for the further strengthening of the organs of State power, for increasing their organizing role in the solution of economic and cultural tasks, and for achieving still closer contact between Soviet administrative bodies and the masses.

In the near future elections will take place to local Soviets of Working People's Deputies. These elections should serve considerably to improve the work of local Soviet bodies.

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The new tasks in Party and state activities that have arisen after the war have placed higher requirements on Party cadres and have very sharply advanced the necessity of enhancing the ideological level and general efficiency of Party and Soviet cadres. The training and perfection of Party and Soviet personnel is one of the vital problems on the solution of which the Party is now working. This training is aimed at helping

millions of Party and administrative workers to master Marxist-Leninist science, to equip them with a knowledge of the laws of social development, of the country's economy and its economic policy, and also to give them an understanding of the problems of international politics and Soviet foreign policy.

With the aim in view of providing means for a serious improvement in the political and theoretical development of Party and Soviet workers, the Central Committee of the C.P.S.U. (B.) has decided that in the coming three or four years the basic Party and Soviet cadres in the various republics, territories, regions, cities and districts shall be provided the opportunity of attending Party schools and study courses. In this connection, much has been done to reorganize the network of Party schools and courses. We have established a higher Party school with a three-year term of study for the purpose of training Party and Soviet workers for republican and regional institutions. At present some one thousand students attend this school. In addition, study courses of nine months' duration have been organized at the higher Party school for the purpose of providing additional training for young secretaries of regional Party committees, chairmen of regional Soviets, editors of regional newspapers, etc. These courses are attended by over 500 students.

In the various republics and regions 177 two-year Party schools and

nine-month courses have been organized. They have a total student body of some 30,000 Party, Soviet, Young Communist League workers and newspaper editors.

The Central Committee of the C.P.S.U. (B.) has established an Academy of Social Sciences for the purpose of training cadres possessing thorough knowledge of Marxist theory, for central Party institutions, for the Central Committees of the Communist Parties of the Union Republics and for regional committees. The Academy also trains qualified university instructors and persons for scientific research institutions and scientific journals. The Academy's curriculum provides for training specialists in the following subjects: political economy, economics and politics of foreign countries, the theory of state and law, international law, history of the U.S.S.R., general history, international relations, history of the C.P.S.U. (B.), dialectical and historical materialism, history of Russian and West European philosophy, logic and psychology, literature and art. The term of study is three years. At present there are some 300 students in the Academy.

Our Party's membership substantially increased during and after the war.

Despite very heavy losses of Party members at the fronts during the Patriotic War, the Party's membership has increased rather than decreased. Before the war the Party totalled 3,800,000 members and candidates; at

present its membership amounts to 6,300,000. Approximately half of the Party members joined the C.P.S.U. (B.) during or after the war.

The history of the Party affords no parallel for such a rapid growth. The overwhelming majority of new members joined our ranks at a time when our country was subjected to mortal danger, in other words the most persevering elements of the people came to our ranks.

The great numerical growth of the Party and its changed composition have advanced very sharply the question of improving the work of political education of Party members. A considerable section of Party members, particularly those who joined the Party in recent years, have not yet been able to receive the necessary political training. There appeared a certain disproportion between the numerical growth of the Party and the level of political education of members and candidates of the C.P.S.U. (B.). In view of this the Party is now aiming, not at accelerating a further increase in membership, but rather at the political education of members and candidates, emphasizing the need to raise the political level of Party members; for, in the final analysis, quality is more important than quantity.

Of tremendous significance in the work of raising the ideological and political level of Party members and in providing Communist education for the working people, is the study of the biographies of V. I. Lenin and

J. V. Stalin, which is now being developed on a wide scale.

In 1946 we resumed the publication of the *Collected Works* of V. I. Lenin, interrupted during the war, and began the publication of the works of J. V. Stalin. Each of these editions is being printed in 500,000 copies.

In addition, over 90 million copies of Marxist-Leninist classical works have been published since the end of the war. The *Short Biography of J. V. Stalin* has been published in an edition of one million copies. An edition of the *History of the C.P.S.U. (B.)*, *Short Course*, published since the end of the war, reaches 10 million copies, thus bringing the total issue of this work since it was first published, to over 30 million copies.

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The task of building Communism in our country is indissolubly linked up with the task of the Communist education of the working people. Under conditions of the gradual transition from Socialism to Communism, Communist education and the overcoming of the survivals of capitalism in the minds of people assume decisive importance. Following the defeat and abolition of the remnants of the exploiting classes in our country, the international bourgeoisie were deprived of any base whatsoever within the Soviet Union for their struggle against the Soviet state. But they strive to utilize for their own purposes the survivals of capitalism in the minds of Soviet people—the

remnants of a proprietary psychology, the survivals of bourgeois morals, the obsequious attitude of certain individuals toward Western bourgeois culture, manifestations of nationalism, etc.

Among the tasks of ideological and political work special mention should be made of the task of cultivating and developing Soviet patriotism.

“. . . The strength of Soviet patriotism,” Comrade Stalin teaches us, “lies in the fact that it is based not on racial or nationalistic prejudices, but on the people’s profound devotion and loyalty to their Soviet homeland, on the fraternal partnership of the working people of all the nationalities in our land.

“Soviet patriotism blends harmoniously the national traditions of the peoples and the common vital interests of all the working peoples of the Soviet Union. . . .”\*

The development of Soviet patriotism is intimately connected with the struggle against manifestations of nationalistic narrowness and chauvinism. The Party educates the Soviet people in the spirit of respect for other peoples and for their right to independent development.

In the recent period the Party had to wage a resolute struggle against various manifestations of an obsequious and servile attitude toward Western bourgeois culture. Displayed in certain sections of our intelligent-

sia, this attitude represents one of the remnants of the accursed past of Czarist Russia. The Party had to deal a resolute blow against several specific manifestations of this attitude, since these manifestations represent, in the present stage, a serious danger to the interests of the Soviet state, inasmuch as the agents of international reaction, in order to weaken the Soviet state, seek to utilize people infected with a feeling of servility toward bourgeois culture.

The October Revolution liberated the peoples of Russia from economic and spiritual enslavement to foreign capital. Soviet power has for the first time made our country a free and independent state. Having carried out a cultural revolution and having created its own Soviet state, our people tore asunder the bonds of material and spiritual dependence on the bourgeois West. The Soviet Union became the bulwark of world civilization and progress.

How was it that under such conditions there were manifestations of servility and obsequiousness to everything foreign? The roots of such unpatriotic conduct, manifestations and sentiments should be sought in the survivals of the accursed past inherited from Czarist Russia—survivals which still exercise pressure on the minds of a certain section of our intellectuals. Foreign capitalists, who held such secure positions in Czarist Russia, in every way supported and cultivated in Russia the conception that the Russian people

\* Joseph Stalin, *The Great Patriotic War of the Soviet Union*, International Publishers, New York, 1945, p. 135.—Ed.

were inferior in their cultural and spiritual development. The ruling classes of Czarist Russia, divorced as they were from the people, had no faith in the creative abilities of the Russian people and ruled out the possibility that Russia by her own resources could emerge from her state of backwardness. This gave rise to the incorrect conception that Russians must, allegedly, always be the "pupils" of West European "teachers."

The survivals of these old capitalist conceptions are being used today by agents of American and British imperialism who spare no effort in their attempt to find within the U.S.S.R. support for their espionage and their anti-Soviet propaganda. The agents of foreign espionage services are bending every effort to seek out weak and vulnerable points among certain unstable sections of our intelligentsia who still bear the stamp of the old lack of faith in their own forces and are infected with the disease of servility to everything foreign. Such people become an easy prey to foreign espionage services.

The spearhead of the Party's ideological work under present-day conditions is directed at undeviatingly overcoming the remnants of bourgeois ideology, at heightening Bolshevik irreconcilability toward ideological distortions of every nature. In this connection, great importance should be attached to the decisions of the Central Committee of the C.P.S.U. (B.) regarding ideological

and political activities (the C.C. decision on the magazines *Zvezda* and *Leningrad*,\* on the repertoire of theatres, etc.), and to the discussion on problems of philosophy recently held on the initiative of the Central Committee.

The measures adopted by the Central Committee have as their aim the triumph of a militant Soviet patriotic spirit among scientists and art workers. They are thus aimed at strengthening adherence to Party principles in science, literature and art and at raising to new and higher levels all vehicles of Socialist culture—the press, propaganda, science, literature and art.

In emphasizing the great role of literature and art as a means of social reorganization, their role in the Communist education of the people, particularly in the correct education of the youth, in training a vigorous young generation imbued with faith in the cause of Communism, a generation undaunted by obstacles and prepared to surmount all barriers, the Central Committee of the C.P.S.U. (B.) stressed that Soviet writers, artists and cultural workers can have no other interests save the interests of the people and of the state. That is why all advocacy of art devoid of ideas, of art without politics, of "art for art's sake," is alien to Soviet literature, harmful to the interests of the Soviet people and state and must

\* See the report by A. A. Zhanov, "On the Errors of the Soviet Literary Journals, *Zvezda* and *Leningrad*," in *Political Affairs*, December, 1946.—Ed.

not find a place in our books and periodicals. The Central Committee of the C.P.S.U. (B.) pointed out that in our country creative work in literature and art must be guided by Soviet policy, which constitutes the vital basis of the Soviet country.

The decisions of the Central Committee of the C.P.S.U. (B.) cautioned those active in the sphere of Soviet culture against a servile attitude toward bourgeois literature and art which are now in a state of marasmus and disintegration.

The Central Committee particularly stressed the importance of developing to the utmost objective criticism based on principles, without which it is impossible to ensure the further development of Soviet literature and art. In order to foster the development of criticism of shortcomings in various fields of ideological activities, the Central Committee of the C.P.S.U. (B.) established a new paper *Culture and Life*, the organ of the Propaganda and Agitation Department of the C.C., C.P.S.U. (B.).

As a result of the discussion on philosophical problems recently held on the initiative of the Central Committee of the C.P.S.U. (B.) in connection with G. F. Alexandrov's book *The History of West European Philosophy*, a number of defects in our work on the theoretical front were brought to the surface, particularly with regard to the elaboration of problems of the philosophy of Marxism-Leninism. With a view to

eliminating these defects and in order to facilitate the further improvement of scientific and theoretical research in the philosophy of Marxism-Leninism, publication was begun of a new magazine, *Problems of Philosophy*.

At present the Central Committee is working on the preparation of a new program of the C.P.S.U. (B.). The existing program of the C.P.S.U. (B.) is clearly out of date and must be substituted by a new one. Together with elaborating a new program, work is being conducted to introduce changes in the Party's Statutes. The situation both in the country and in the Party has in recent years changed to such an extent that a number of articles of the Statutes have become obsolete.

### III. THE FOREIGN POLICY OF THE C.P.S.U. (B.)

As a result of the victorious war against fascism the positions of Socialism and democracy have been strengthened, and those of the imperialist camp weakened.

One of the major results of the Second World War is the strengthening of the U.S.S.R. and the establishment in a number of countries of new democratic regimes under the leadership of the working class.

The defeat of Germany and Japan signifies the weakening of the imperialist camp and the further aggravation of the general crisis of the capitalist system. Of the capitalist countries, the U.S.A. emerged from the



war considerably strengthened, while her partners, Great Britain and France, were weakened by the war.

In a situation in which America's chief competitors, Germany and Japan, have been removed and Great Britain and France weakened, the U.S.A. adopted a new, openly expansionist policy aimed at establishing American world supremacy.

In these new postwar conditions, relations between the war allies who collaborated in the war against fascist Germany and imperialist Japan, are changing. Two opposite trends in international politics have taken shape.

One is the policy pursued by the Soviet Union and the new democracies. The foreign policy of the Soviet Union and of the democratic countries is designed to undermine imperialism, secure a stable and democratic peace among the nations, and generally strengthen amicable cooperation among the peace-loving nations.

In following this line, our foreign policy is supported by the increased international significance of the Soviet state and the new democracies.

The other trend in international politics is headed by the ruling clique of American imperialists. In its efforts to consolidate the position which American monopoly capital gained in Europe and Asia during the war, this clique has taken the path of outright expansion, of enthraling the weakened capitalist states of Europe and the colonial and dependent countries. It has chosen

the path of hatching new war plans against the U.S.S.R. and the new democracies under the banner of combating the "Communist menace." The clearest and most specific expression of this policy pursued by American capital is provided by the Truman-Marshall plans.

Such are the two trends in present-day international politics.

The wise Stalin foreign policy of the Soviet Union, both prior to the war and in the course of its conduct, enabled us correctly to utilize the contradictions existing within the imperialist camp, and this was one of the important factors making for our victory in the war.

We proceed from the fact that the co-existence of two systems—capitalism and socialism—is inevitable for a long period of time, and we follow the line of maintaining loyal good-neighborly relations with all states manifesting a desire for friendly cooperation, on the condition that the principle of reciprocity is observed and that obligations undertaken are fulfilled. The U.S.S.R., true to its international treaties and obligations, pursues this policy with the utmost consistency and firmness.

But at the same time we are prepared to repel any policy hostile to the Soviet Union, no matter from what quarter it comes. The Soviet Union together with the democratic countries invariably exposes all enemies of peace, all foes of friendship among the nations, all enemies of international cooperation on a demo-

cratic basis. It combats all attempts by hostile imperialist circles to discriminate against the U.S.S.R. and the new democracies, belittle their importance or ignore them in the solution of major questions of international policy, weave intrigues against the U.S.S.R. and the new democracies, and set up hostile blocs and groupings.

The C.P.S.U. (B.) clearly and distinctly sees the danger of the reorientation now being effected by certain former war allies of the U.S.S.R. We see that the U.S.A. and Great Britain, having abandoned the obligations they undertook in the course of the Second World War, are playing a game fraught with great danger and are seeking new allies among anti-democratic sections in Germany and Japan, in anti-democratic Turkey, monarchist-fascist Greece, are condoning Franco-Spain, encouraging the Dutch imperialists in Indonesia, supporting the reactionary regime in China, etc. At the same time, with regard to such truly democratic countries which have made major contributions to the defeat of Germany, such countries as Yugoslavia and Poland, the U.S.A. and Great Britain are pursuing a terrorist policy of slander and discrimination, of unceremonious bullying, of interference in the internal affairs of these countries, of openly supporting anti-democratic and anti-government elements within these countries, etc. Propaganda for a third world war is becoming ever more brazen and

outspoken. Plans of fresh aggression, plans for a new war against the U.S.S.R. and the new democracies, are being hatched. The ruling circles of the U.S.A. are coming out as the initiators of new, openly expansionist plans.

It goes without saying that we must differentiate between the desires of these would-be aggressors to wage war and the possibilities of actually unleashing a war. Imitating the Hitlerites, the new aggressors are using blackmail and extortion as one of the principal means of influencing the weak-nerved and unstable.

We oppose to the plans of American and British imperialists the friendly cooperation of the Soviet Union and democratic countries, primarily the new democracies. The U.S.S.R. calmly and confidently rebuffs all attempts at blackmail and keeps a watchful eye on all suspicious maneuvers of its erstwhile allies belonging to the imperialist camp, in order not to allow itself to be tricked.

With regard to countries that have proved true friends and loyal allies of the Soviet state—the new democracies—the U.S.S.R. is always prepared to come to their assistance, and actually does so by rendering them extensive aid and firmly defending their interests.

The U.S.S.R. and the new democracies pursue a policy of unswerving support with regard to colonial and dependent countries fighting for their national liberation from the yoke of imperialism.

Such are the foundations of the foreign policy of the C.P.S.U. (B.).

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Inasmuch as antagonistic classes have been eliminated in the U.S.S.R. and the moral and political unity of Soviet society has been achieved, all the sharpness of the class struggle, as far as the U.S.S.R. is concerned, has now been shifted to the international scene. Here we witness competition between two systems—the capitalist and Socialist systems. Here our Party has to test its arms in battle against case-hardened bourgeois politicians.

The C.P.S.U. (B.) devotes much attention to problems of foreign policy and shows special concern for the selection and proper training of cadres capable of putting into effect the Party's line in the sphere of foreign policy.

The Party devotes much attention to equipping its cadres with the knowledge of the laws of international development, with an understanding of the international situation. It teaches them to defend the interests of the Socialist state on the international scene, to distinguish between friend and foe, to detect the insidious designs and methods of the imperialists and their agents.

During the war and in the period following it, the political, ideological and cultural contact of the U.S.S.R. with the working class movement and genuine democratic progressive circles and organizations throughout

the world, and particularly in Europe, grew and became stronger.

After the war Soviet public organizations received extensive possibilities actively to participate in international trade-union and other democratic organizations, and to develop friendly contact with national democratic organizations in the vast majority of countries.

The active participation of the Soviet trade unions and other public bodies in international democratic organizations is of assistance to our fraternal Communist Parties in their struggle for the unity of the labor and democratic movement abroad. Our participation counteracts the splitting activities of the Right-wing Socialists and other enemies of unity, facilitates the growth and consolidation of progressive organizations, and, at the same time, strengthens the international influence of the U.S.S.R.

Our cultural and political contact with democratic organizations in various countries, exercised in various forms, helps to spread the truth about the Socialist state, strengthens the influence of the Soviet Union and facilitates the activities of democratic organizations.

In concluding my report, I wish to dwell on the question of contact between Communist Parties. As is generally known, following the dissolution of the Comintern in 1943, contact between fraternal Communist Parties was interrupted. Experience has shown that lack of contact be-

tween Communist Parties deprives both the C.P.S.U. (B.) and other Communist Parties of the opportunity to exchange necessary and mutual information and elaborate common views on the cardinal questions of the labor and Communist movements.

The absence of contact between Communist Parties is a hindrance in coordinating the actions of Communists in various countries in their resistance to the plans of the imperialists, particularly now, when American monopoly capital is organizing an offensive against Communism and democracy, against the U.S.S.R. and the new democracies, developing its expansionist plans with the intention, under the guise of "aid," of enslaving a number of Euro-

pean and other countries, and when Communists are called upon to define their attitude to these plans of American imperialism.

In our opinion it is necessary to put into effect definite measures designed to eliminate the present abnormal situation in this respect.

That is why we consider it necessary to discuss at the present conference both the international situation and the question of improving contact between Communist Parties, of establishing regular connections between them with a view to achieving mutual understanding, exchange of experience and voluntary coordination of activities of the Communist Parties whenever they consider this necessary.

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#### COMMUNITY OF WOMEN . . .

"But you Communists would introduce community of women, screams the whole bourgeoisie in chorus.

"The bourgeois sees in his wife a mere instrument of production. He hears that the instruments of production are to be exploited in common, and, naturally, can come to no other conclusion than that the lot of being common to all will likewise fall to the women.

"He has not even a suspicion that the real point aimed at is to do away with the status of women as mere instruments of production."

Karl Marx and Frederick Engels,  
*Manifesto of the Communist Party.*

# NEW TASKS AND REALIGNMENTS IN THE STRUGGLE FOR THE JEWISH STATE IN PALESTINE\*

By ALEXANDER BITTELMAN

THE UNITED NATIONS' decision to establish two independent, democratic states in Palestine—a Jewish and an Arab state—is an event of great historic significance. This decision has laid the basis for a democratic solution in the interests of both peoples and of world peace and democracy. It is primarily due to the efforts of the Soviet Union, of the new democracy of Poland, and to the agreement between the Soviet Union and the United States.

For the Jewish people this decision is a historic step toward the realization of a dream of centuries. It signifies that the progressive forces of the world, headed by the Soviet Union, are actively promoting the fulfillment of the aspirations of large sections of the Jewish people for the establishment of a Jewish state in Palestine. But we must also recognize that, while United States support was one of the decisive factors in the decision, American policy may yet prove a serious obstacle to its

implementation. American policy may yet become an obstacle to the establishment of an *independent* Jewish state free of all foreign imperialist domination. American policy may seriously interfere with the ability of the Jewish state to become truly democratic and to follow a consistent policy of peace and collaboration with the Arab state.

For, in addition to internal political considerations, American support of the United Nations partition plan is motivated by the inter-imperialist rivalry of the United States and Great Britain for control and influence in the Middle East and the Mediterranean. In that region, as elsewhere, Wall Street is seeking to create economic, political, and military bases for use to prevent the full independence and development of the projected Jewish and Arab states and against the whole anti-imperialist camp headed by the Soviet Union. American imperialism will try to make the Jewish state its puppet and to exploit and oppress the Jewish people. American and British impe-

\* From a report delivered to an enlarged meeting of the National Jewish Commission of the C.P.U.S.A., December 12, 1947.

rialism together will try to intensify and prolong friction between Arabs and Jews and obstruct the economic unity and the political cooperation of the two states.

To guard against this danger to the Palestine *Yishuv* and to the Jewish people as a whole, we must be on the alert against the dangerous theory of reactionary circles in the Zionist movement that the *Yishuv* and the Jewish people everywhere should orient their policy toward the "West" (read, *imperialists*). Need we be reminded that the "West" failed to protect our people from Hitler—in fact, cold-bloodedly abandoned us to Hitler during the rise and fall of Nazi-fascism—and that it was the "East," the Soviet Union, which protected and saved millions of our people from extermination? Great Britain, the strongest power in Western Europe, is the imperialist exploiter and oppressor of the *Yishuv*, and represents one of the greatest and most dangerous obstacles to the realization of the U.N. plan for a Jewish state. The other major Western power, the United States, which is now the center of world reaction, is reaching for imperialist control of the Middle East and of the projected Jewish state as political and military bases for a new world war. As for France, it is being converted by its ruling class into a vassal of Wall Street.

The hard fact is that orientation toward the "West" and against the "East" means alignment with the oppressors and persecutors of the

Jewish people. It means orientation toward reliance upon the enemies of an independent Jewish state in Palestine, upon the Truman-Marshall plans, and support for Wall Street's preparation of a new world war. For the sake of its own future and that of the Jewish people in general, the Palestine *Yishuv*—the coming Jewish state—must take its place in the anti-imperialist and democratic camp, the only dependable ally of our people everywhere. The *Yishuv* must realize that a durable, democratic peace is the first condition for the realization and survival of the Jewish state.

The democratic forces of American Jewry must therefore oppose American or Anglo-American attempts to dominate the Jewish state in Palestine. There is great danger that Anglo-American imperialism will seek to distort and violate the U.N. decision, will strive to exclude the democratic states headed by the Soviet Union from influencing the implementation of the decision, and, finally, will attempt to prevent the two new states from emerging truly free and independent. We must fully support the struggle for the establishment of an independent, democratic Jewish state, for the development of economic unity and political cooperation between the Jewish and Arab states, and of the cooperation of the Jewish state with the anti-imperialist, democratic camp in the U.N. and throughout the world.

Encouraged by the maneuvers of British and American imperialism,

the Arab reactionaries and especially the pro-fascist Mufti group are inciting Arab-Jewish conflict and preparing for prolonged hostilities against the Jewish people in Palestine. Their aim is to obstruct, and force a reconsideration of, the U.N. decision. Reactionary Zionist circles in Palestine, continuing their nationalist-chauvinist policies toward the Arab people, are making the work of the Arab reactionaries and of imperialism all the easier. Obstacles are thus being multiplied to make the carrying out of the U.N. decision more difficult.

We must therefore fight for the quickest implementation of the decision. We must demand:

1) That the Security Council of the United Nations take full charge of the Palestine situation and assume *direct* responsibility for implementing the decision of the General Assembly.

2) That the Security Council call upon the British administration in Palestine to cease interfering with and hampering the defense actions of the Jewish community.

3) That the Security Council call upon all member nations to take every necessary measure to prevent shipment of arms and munitions from their respective countries to those Arab groups and countries that are attacking the Jewish community and fighting against the U.N. decision.

4) That the Security Council take all necessary measures to arm the Jewish community which shall carry

on its defense actions under the supervision of the Security Council.

In the wake of the U.N. decision, old divisions and alignments—for or against a Jewish state—are gradually losing their significance. A new alignment of social and political forces must take place in Jewish life everywhere on the issues arising from the goal of creating the Jewish state. This new alignment will help to consolidate all democratic and anti-imperialist forces in the fight for the carrying out of the U.N. decision. It will also influence the policies of democratic and Left forces in the Zionist movement, in Palestine as well as in this country, and will move them toward the anti-imperialist and democratic camp. We must work with all our might to accelerate and promote its realignment.

To summarize our main analysis and conclusions:

The historic U.N. decision on Palestine became possible in the present period because of the following factors: first, the existence, the vitality, and the just national demands of the Jewish community in Palestine, which is growing into nationhood and becoming an important political factor in the Near East; secondly, the favorable international situation.

But we distinguish between the two qualitatively different components of the favorable international situation. The first of these is the vastly increased moral and political authority of the Soviet Union in world affairs due to its decisive role

in defeating the fascist enemy in the war. This component embraces the rise of the new democracies of Europe and the growth in strength of the anti-imperialist camp generally. In the United Nations this camp, headed by the Soviet Union, has played a decisive part in the decision for a Jewish state.

The other component is the great weakening of British imperialism, the increased strength of American imperialism, and the rivalry between them, as well as their desire to combine against the real independence of the Arabs and Jews and against the anti-imperialist camp headed by the Soviet Union. These factors, together with internal political considerations, led to the acceptance by the United States of the Soviet compromise offer for the setting up of the two new states in Palestine.

We must keep these facts clearly before the eyes of our people. Only then will they fully realize who are the real friends of the projected Jewish state and of the Jewish people in general. Only then will they fully understand the new dangers now threatening the realization of the Jewish state—the dangers coming from American and British imperialism.

#### CERTAIN IDEOLOGICAL QUESTIONS REGARDING ZIONISM

Recent events with regard to Palestine have once again brought to the fore certain ideological questions

on Zionism. It has been asserted that Communist support for the establishment of a Jewish state in Palestine became possible only through a departure from Marxism on the Jewish question and the consequent adoption of some Zionist ideas.

Some Zionist leaders welcome this “departure” from Marxism because they hold that Marxism is thereby weakened and Zionism strengthened. At the same time, certain Marxists disapprove this “departure” because they, too, believe that it weakens Marxism and strengthens Zionism. This misconception was advanced, especially by certain Zionist writers, following the famous Gromyko speech in the United Nations in May, 1947, which proposed the establishment of one, dual Jewish-Arab state in Palestine or, if this should prove impossible, the consideration of establishing two separate independent and democratic states. In this declaration of Soviet policy, Gromyko, according to certain Zionists and a few Marxists, was supposed to have abandoned the Marxist position on the national and Jewish questions.

In November, 1946, the Communist Party issued a resolution on work among the American Jewish masses which clearly demonstrated that the Communist fight for a Jewish national home and for Jewish statehood in Palestine flows inevitably from the application of Marxist national policy to the concrete conditions of Palestine in the present period. Our position, of course, dif-

ferred from the Zionist conception. We could not accept the Biltmore Program, which denied the legitimate national rights of the Arabs and subordinated the Arabs to the Jews. While top Zionist officials down to the last moment opposed turning the Palestine question over to the United Nations, we had throughout insisted that a democratic solution demanded recourse to that organization. Furthermore, we could not agree with the Zionists that the achievement of a Jewish state in Palestine would solve the Jewish question as a whole and for all countries. Our conception of a Jewish national homeland in Palestine is based on the Marxist principle of the right to self-determination and equality of all nations. As Marxists, as irreconcilable enemies of imperialism and national oppression, we fought for the fulfillment of Jewish national aspirations and statehood in collaboration with the Arab people of Palestine and with full respect for their equal national rights. This represents a Marxist approach to such questions, as developed by Lenin and Stalin. Such an approach is incompatible with the bourgeois-nationalist ideology of Zionism. For Marxists hold that "the final complete and permanent solution of the Jewish question will be attained only under Socialism on the basis of the principles formulated by Lenin and Stalin and as developed in the Soviet Union's solution of the national question." (Resolution on work among the American Jewish masses,

*Political Affairs*, November, 1946, p. 1037.)

The policy of developing Jewish statehood in Birobidjan bears directly and intimately on whether or not Marxism is compatible with Jewish statehood. In an article in the July, 1947, issue of *Political Affairs* I stated, in dealing with this question, that:

. . . when the Soviet government promulgated in 1934 the famous decree for establishing Birobidjan as a Jewish Autonomous Region, Kalinin explained that the purpose was to create a *Jewish state unit*, Jewish statehood, for the economic and cultural development of a Jewish nationality. Not only did this constitute no departure from Marxism, but, on the contrary, it was the development of Marxism applied to the solution of the Jewish question *in the concrete circumstances of the Soviet Union*. It follows inevitably from Stalin's historic contribution to the solution of the national question and from the entire Marxist-Leninist policy of the Soviet government on this question.

And further:

This proves conclusively that there is no contradiction in principle between Marxism and the idea of a Jewish state. It also proves that Marxism brought forth and supported the idea of a Jewish state when the objective conditions became ripe for it, *when progressive forces had made their appearance on the historic stage, forces interested in, and capable of, realizing the aspirations of large sections of the Jewish people for a Jewish state*. This is what happened in the Soviet Union with regard

to Birobidjan. This is what prompted Marxists in the recent period to raise the question of Jewish statehood and of a Jewish state in Palestine.

From this it is clear that we make no claim that Marxists always posed the question of Jewish statehood in the same way or that they have always favored a policy of struggle for a Jewish state.

Some people still labor under the misapprehension that Lenin and Stalin opposed a Jewish state in principle and that they shared the opportunist and bourgeois-nationalist views of the Social-Democratic Jewish "Bund" in old Russia on this question. Nothing can be further from the truth. To quote again from the same article:

It was Stalin, in his polemics with the "Bund" in 1913 and in other writings, who insisted and demonstrated scientifically that a people cannot live a normal and full national life—cannot be a single nation if it does not have a common territory, does not have one national economy, language, and culture. Stalin was speaking about the Jewish people. This meant two things. First, the Jewish people cannot act as a single nation, much as they may desire it. Second, in the absence of a Jewish community anywhere on earth growing into nationhood, the Zionist policies for a Jewish state at that time (1913) were not only utopian but profoundly reactionary since no progressive forces of any sort were then present in the objective situation interested in and capable of realizing the dream of a Jewish state. It is still true today that the Zionist conception that the Jews of

all lands constitute one single nation is of a bourgeois-nationalist character.

Marxist opposition to Zionism was different in principle from that of the "Bund," for the latter proceeded on the false assumption that it is possible to create a Jewish nation without a common territory and national economy. Soviet Marxists, on the contrary, realized that it was impossible to create a Jewish nation that lacked these basic features. Thus, when it became possible to set aside a common territory to be settled by Soviet Jews and on which to develop a Jewish national economy and culture (national in form, Socialist in content), the Soviet Marxists projected the development of Soviet Jewish nationhood and statehood in Birobidjan. The question of Jewish statehood in Palestine must be approached from the same basic Marxist point of view.

Basic changes have occurred in the internal and external position of Palestine and its peoples, as well as in the general life of the Jewish people in the capitalist world during the crucial period of the rise and fall of Hitlerism. Failure of the Western world to protect the Jews from Nazi extermination, and the tragic loss of a third of our people at the hands of the fascists during the war, have made the old dream of a Jewish state in Palestine the aspiration of wide masses of our people. Most decisive, however, are the two factors mentioned above, *i.e.*, the growth during the same period of a vital Jewish

community, developing into nationhood in Palestine and the favorable international situation following the war. A *democratic* realization of Jewish aspirations has therefore become possible.

Consequently, and in full accord with their basic position on the national question, the Marxists raised the question of Jewish statehood in Palestine. They raised it in the most democratic, most desirable and, in the long run, most durable form—in the form of one, dual, Jewish-Arab, independent, and democratic state. They also indicated that, if deterioration of Jewish-Arab relations made the proposal for a common state impractical at this time, it might then be necessary to consider the establishment of two separate and independent states.

As we know, conditions made it necessary to decide in favor of two separate states. The U.N. plan called for two independent and democratic states, with economic unity between them. This proposal was, of course, entirely different from the many partition schemes contemplated by British and American imperialism.

It is important to realize that the major responsibility for the further deterioration of Arab-Jewish relations, from the time of the historic Gromyko declaration in May to the U.N. decision in December, 1947, rests with British and American imperialism, which was effectively aided by Arab and Jewish reactionaries inside and outside of Palestine.

It should also be noted that the

democratic and anti-imperialist forces, both among the Jews and the Arabs, bear their own responsibility for the inadequate struggle for Arab-Jewish unity and for a democratic Arab-Jewish state of two equal peoples.

There are some who maintain that, by agreeing to the partition of Palestine, Marxists have once again departed from Marxism, have abandoned their proposal for a Jewish-Arab state, and have accepted something advocated by Zionism. But here, too, fancy has won over fact. The truth is that Marxists have not abandoned their conviction that the type of state they proposed would represent the most consistently democratic solution and the most enduring. Partition itself will be successful precisely to the degree to which the economic unity and political cooperation of the two states develops. In other words, the closer the two separate states approach the status of one state consisting of two equal nations, *the closer we shall be to a complete and permanent solution of the Palestine question, to the firm and irrevocable establishment of independent Jewish statehood.*

Our Party's resolution on Jewish work stated:

A major task in the struggle for the independence of Palestine is the joint Arab-Jewish fight, supported by all progressive and anti-imperialist forces, against the British and Anglo-American imperialist schemes for the partition of Palestine for some fraudulent 'independence' maneuver similar to the

one in Trans-Jordan, based upon the collaboration with imperialism of the Jewish and Arab reactionary forces. (*Political Affairs*, November, 1946, p. 1039).

It is now clearer than ever that Marxist opposition to the imperialist schemes for partition of Palestine and support for a U.N. solution was correct.

The fight was carried on by the anti-imperialist forces despite opposition from reactionary Zionist circles. The fight was effective because it helped to prevent the carrying out of Anglo-American imperialist schemes and forced the issue into the United Nations. The democratic forces headed by the U.S.S.R. were thus afforded an opportunity to project and work for a democratic solution.

The U.N. decision, which removed British and/or Anglo-American imperialism from exclusive jurisdiction over Palestine, created conditions for the democratic states to influence the *democratic* implementation of the partition decision. We should note at this point that official Zionist policy was opposed to bringing the issue of Palestine before the United Nations.

It is therefore clear that in their fight for Jewish statehood, for an Arab-Jewish state, or for two separate independent and democratic states as decided by the United Nations, Communists did not have to depart from Marxism on the national and Jewish questions. On the contrary, the position of the Marxists was developed *in accord with chang-*

*ing conditions* and constitutes the application of Marxism-Leninism-Stalinism to the solution of the Jewish (and Arab) question in Palestine. It is therefore clear that the Marxist position in support of a Jewish state in Palestine did not derive from the acceptance of Zionist political ideology. Marxists will continue to distinguish in the future, as they have done in the past, between the living reality of Jewish nationhood in Palestine—and, hence, of the fulfillment of their right to self-determination—and Zionism as a political philosophy, as a bourgeois-nationalist ideology incompatible with Marxism.

#### ZIONISM AND THE NEW ALIGNMENT IN STRUGGLE FOR THE JEWISH STATE

Some Zionists claim that the United Nations decision was a triumph for Zionism, even as a private victory for the Zionist parties. And, I am sorry to say, some confused progressive non-Zionists are impressed by this chatter.

Fortunately, the masses of the Jewish people, including the bulk of the Zionists and many of their leaders, do not share this belief. The masses of our people consider the United Nations decision a triumph of justice and truth. The masses of our people acclaim the United Nations decision as opening the way to the realization of Jewish national aspirations. They do not consider it a triumph of one particular Jewish po-

litical movement or party, even though many Jews grant Zionism considerable recognition for the U.N. decision.

The time has long passed when many, including some American-Jewish Marxists, identified the Jewish *Yishuv* and the idea of Jewish statehood in Palestine with Zionist ideology and its political program. Some people concluded that one could not favor Jewish statehood in Palestine, without supporting Zionism; or, conversely, if one were opposed to Zionism, that one would be obliged to oppose Jewish statehood in Palestine. This erroneous identification of Jewish statehood with Zionism was responsible for many past errors of American Jewish Communists on the Palestine question, and has been exposed and criticized in the Party resolution of 1946.

The central objective of political Zionism has been the establishment of a Jewish state in Palestine. However, this objective was not confined to the Zionist parties. It was the aspiration of large masses of our people. By incorporating this aspiration into a political platform, the Zionist movement undoubtedly played an important part in the emergence of a Jewish national community in Palestine. No one would question that the Zionist movement has become, over the years, an important factor in Jewish life. But it is demonstrable that official Zionist policies have always been oriented on imperialism and reaction.

The bourgeois-nationalist, chauvin-

ist ideology and official policies of Zionism in relation to the Arab masses played an important role in intensifying national tension, provoked by British imperialism and aided by the Arab reactionary nationalists. Zionist policy has always insisted on the "negation of the Diaspora," *i.e.*, that Jewish life in all countries outside of Palestine is doomed. This theory, an integral part of basic Zionist philosophy to this very day, exhibits a complete contempt for the achievements and vitality of many Jewish communities throughout the world. That it has proved utopian and reactionary is evidenced by the Jewish communities in the Soviet Union and Birobidjan in particular, in the United States, Poland, etc. This theory has also had the effect of estranging from the *Yishuv* large sections of our people in many lands.

Among Jewish workers and the Jewish masses generally, Zionist ideology has always tended to cultivate trends toward separation from the labor and progressive forces of their respective countries and from other peoples. Such trends play into the hands of reaction and anti-Semitism and militate against the struggles of our people for equal rights and for survival everywhere, including Palestine.

Zionism as a political movement worked for the establishment of a Jewish state in Palestine. It thus contributed to the emergence of the Jewish *Yishuv*, whose existence in turn helped make necessary and possible

the U.N. decision. But Zionism also bears a heavy responsibility for many of the difficulties which now confront the realization of this decision. Zionism is partially responsible for the deterioration of Jewish-Arab relations, because of its failure to break with imperialism and join hands with the anti-imperialist, democratic forces of the world, which are the most dependable allies of our people for the realization of the Jewish state.

Now that concrete prospects have opened up for that realization, Jewish opinion all over the world is in ferment, and a new realignment is taking place. Within the Zionist movement, democratic elements begin to realize that the establishment and safe-guarding of the Jewish

state demand a firm alliance with the anti-imperialist forces of the world.

This process will continue. It is a healthy manifestation and one that we must encourage. There is need for a powerful united movement of Zionists and non-Zionists to bring the independent Jewish state into full being. The development of the anti-imperialist unity of our people everywhere is imperative for their survival and flourishing. Welded to the over-all democratic, anti-imperialist struggle of the entire American people, this line of struggle can assure the eradication of fascism, and the securing of a durable peace, of equality, economic security, and democracy.

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#### A MERE TRAINING TO ACT AS A MACHINE . . .

"All objections urged against the Communist mode of producing and appropriating material products have, in the same way, been urged against the Communist modes of producing and appropriating intellectual products. Just as, to the bourgeois, the disappearance of class property is the disappearance of production itself, so the disappearance of class culture is to him identical with the disappearance of all culture.

"That culture, the loss of which he laments, is, for the enormous majority, a mere training to act as a machine."

Karl Marx and Frederick Engels,  
*Manifesto of the Communist Party.*

# THE ECONOMIC THEORIES OF JOHN MAYNARD KEYNES

By J. MINDEL

THE ECONOMIC THEORIES of John Maynard Keynes formulated in his book, *The General Theory of Employment, Money and Interest*, published in 1936, modify his former theories and are a reflection of the general crisis of capitalism, which was aggravated by the economic crisis of 1929.

The victorious Socialist revolution in Russia, accompanied by the revolutionary upheaval in many countries in the rest of Europe, made him fearful for the survival of capitalism on the European continent. He wrote in 1919:

In continental Europe the earth heaves and no one but is aware of the rumblings. There it is not just a matter of extravagance of "labor troubles"; but of life and death, of starvation and existence, and of fearful convulsions of a dying civilization.\*

Keynes was more optimistic as far as England was concerned. He believed that the English workers would pull British capitalism out of its postwar crisis. However, the mass

\* John Maynard Keynes, *The Economic Consequences of the Peace*, Harcourt, Brace, New York, 1940, p. 4.

unemployment which followed the crisis of 1929, and the struggles of the workers for bread and jobs, made Keynes fearful of the revolutionary implications of these struggles.

Before dealing with the economic theories of Keynes it is important to discuss briefly his philosophy and method.

## THE PHILOSOPHY AND METHOD OF KEYNES

The main moving force of society, according to Keynes, is psychology. The regulating force of capitalist society is the "psychological characteristic of human nature."\*\* The average man is "strongly addicted to the money-making passion."\*\* Without this passion, without the activity of the huckster and his willingness to take a chance, there would be no progress. The money-mad capitalists are sensitive individuals. Their nervous systems are easily affected. They are, according to Keynes, subject to hysteria, and even their digestions and their reactions to the weather affect their actions.

Luckily, says Keynes, the "waves of irrational psychology" are not permanent. There are periods when the outlook for gain is encouraging, and then the capitalists act quite rationally.

The method of Keynes is rooted in his philosophy; it is subjective and non-historical. His economic system

\* John Maynard Keynes, *The General Theory of Employment, Interest and Money*, Harcourt, Brace, New York, p. 91. (Hereinafter referred to as *The General Theory*.)

\*\* *Ibid.*, p. 374.

is an isolated, "closed" system, operating in all historic periods and epochs. He does not deal with monopoly and imperialism. His failure to do so is a conscious one, since it permits him to avoid a discussion of the worst features of capitalism and the main causes of its decay and of imperialist wars and fascism. Keynes' followers try to present him as an enemy of the vested interests, while the truth is that Keynes was their staunch defender. "I am sure," he wrote, "that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas . . . it is ideas, not vested interests, which are dangerous. . . ."

## PRODUCTION AND EMPLOYMENT

Keynes' economic theories are those of the vulgar economists. He follows Alfred Marshall and borrows from the under-consumptionist school. His theories deal only with secondary phenomena of capitalist production and exchange.

Keynes' description of the capitalist process of production is meager. He merely states that the capitalist buys all the necessary means of production and hires labor. The wages paid for labor and management are the "factor cost"; the wear and tear of machinery and what the capitalist buys from other capitalists is the "user cost." The capitalist "maximises" his profit; in other words, he

\* *Ibid.*, pp. 383-384.

seeks to employ only that amount of labor which will yield the highest profit. If the employment of additional workers will reduce the "marginal efficiency of capital," (*i.e.*, the amount of profit), then no more workers can be employed. ". . . the amount of employment," Keynes writes, "is indeterminate except in so far as the marginal disutility of labour sets an upper limit."\*

Industry reaches the "equilibrium level of employment" when no more workers are hired and none are fired. Keynes' "equilibrium level of employment" is misleading, since it does not mean the abolition of unemployment.

The "income" or profit of the capitalist, Keynes writes, "We can . . . define . . . as being the excess of the value of his finished output sold during the period over his prime cost."\*\* How the capitalist obtained this excess of value over cost, we are not told.

Keynes conceals the fact that the source of the excess value over the cost price is the surplus value created by labor. In this way he tries to hide the nature and source of capitalist exploitation and the basic contradictions of capitalism.

Keynes treats capitalist economy as a static economy in which the influence of technological development does not operate. But technological development is utilized by the capitalists to increase the productivity and intensity of labor. Increased pro-

\* *The General Theory*, p. 26.

\*\* *Ibid.*, p. 53.



ductivity results in the production of a greater volume of commodities with a relatively smaller number of workers. The greater production of value also results in a greater mass of surplus value, and, hence, of profit. The employment of a smaller number of workers, which accompanies the increased production of surplus value, and the huge accumulation of capital leads to the creation of a permanent army of unemployed workers. Says Marx:

. . . in fact, it is capitalistic accumulation itself that constantly produces, and produces in the direct ratio of its own energy and extent, a relatively redundant population of laborers, *i.e.*, a population of greater extent than suffices for the average needs of the self-expansion of capital, and therefore a surplus population.\*

The unemployed workers compete for jobs with the employed. This competition tends to reduce wages and the standard of living for all workers. Keynes and his followers, in setting out to discover the cause of unemployment, and find a cure for it under capitalism, ignore this major contradiction of capitalist production, stated above by Marx.

#### REAL AND NOMINAL WAGES

Keynes criticized the older schools of bourgeois economics for ignoring the problem of real wages and centering their attention on the problem of nominal wages. The pre-Keynesian school of vulgar econo-

mists advocated the reduction of nominal wages to their lowest minimum as the only source of increased profits, of greater accumulation of capital and extended production, and, therefore, of a greater volume of employment. Keynes argued that such a policy may benefit some capitalists, while it may be harmful to others who cannot force wages down. The real method of increasing the profits of the capitalist class, he stressed, is the method of reducing the real wages of the workers: "When money wages are rising . . . it will be found that real wages are falling; and when money wages are falling, real wages are rising."\* He further argued that when real wages decline, profits increase; and increased profits raise the "marginal efficiency of capital," which results in an increase in the volume of employment. According to Keynes, "an increase in employment can only occur to the accompaniment of a decline in the rate of real wages."\*\*

What Keynes advocates is high prices and inflation as a means of increasing the profits of the capitalist class and reducing the income of the working class.

It is worthy of note that in discussing prices Keynes leaves out of consideration monopoly prices, thus making it appear that monopoly prices are the exception. With monopoly prices left out of consideration, Keynes' whole discussion of prices serves only as a smokescreen

\* Karl Marx, *Capital*, Vol. I, International Publishers, New York, pp. 643-644.

\* *The General Theory*, p. 10.

\*\* *Ibid.*, p. 17.

to cover up the role of monopoly capitalism. His theories also serve as ammunition for the misleaders of the working class.

The inflationary method of reducing wages by raising prices, Keynes finds politically safer than direct wage cuts. According to Keynes, workers seldom fight against rising prices, whereas they put up a struggle against reduction of money wages. He says that "a movement by employers to revise money-wage bargains downward will be much more strongly resisted than a gradual and automatic lowering of real wages as a result of rising prices."\* Furthermore, Keynes claims that, "Every trade union will put up some resistance to a cut in money-wages, however small. But . . . no trade union would dream of striking on every occasion of a rise in the cost of living. . . ."\*\*

#### KEYNES' THEORY OF CONSUMPTION

Keynes finds that there is a "gap" between production and consumption which forms one of the contradictions of the capitalist system. He says that "the larger our incomes, the greater, unfortunately, is the margin between our incomes and our consumption."\*\*\* According to him, this contradiction is produced by the "psychological law" of consumption.

A major factor, he says, in creating a "gap" between production and con-

sumption is the behavior of the "wealth-owning class." Another factor that deepens the "gap" between production and consumption is the activity of the Wall Street speculators, who extend their personal expenditures in flush times and curtail them in times of slack or crisis, for "a rising stock-market may be an almost essential condition of a satisfactory propensity to consume . . ."\*

Needless to say, Keynes does not solve the contradiction between production and consumption, because he cannot comprehend the basic contradiction of capitalist production—the contradiction between the social character of production and the private appropriation of the results of that production. The "wealth-owning class," its ravenous appetite notwithstanding, cannot overreach itself and consume all the products of modern industry and agriculture.

Keynes further argues that the "psychological law" of consumption leaves a portion of the national income in the hands of individuals in the form of money. If this money is hoarded, or kept as liquid capital, full employment cannot be reached. To reach full employment it is essential that "savings" be invested. Without new investments there cannot be extension of production and employment of new workers. Keynes therefore establishes a law for full employment. This he calls "the principle of effective demand." Effective demand is established when the sum spent on individual con-

\* *Ibid.*, p. 264.

\*\* *Ibid.*, p. 15.

\*\*\* *Ibid.*, p. 105.

\* *Ibid.*, p. 319.

sumption and the sum invested equal the current national income. If both sums fall short of the national income and a part is hoarded in the form of money, full employment is not possible.

But, Keynes continues, the flow of investments, especially of new investments, which he considers of major importance, meets with obstacles. The replacement of the old worn-out capital does not, by itself, add to the volume of employment. The volume of employment can be materially increased by extended production in the basic or capital goods producing industries. Investments in these industries are long-term investments, the return upon which cannot be calculated at the present time because nobody knows what the state of consumption will be in the future or whether the commodities produced by the new industries will find a market. Therefore, Keynes considers investments in capital goods industries to be regulated by the state of confidence of investors in the future, that is, confidence that the invested capital will bring profits now and in the future.

There are not two separate factors affecting the rate of investment, namely, the schedule of the marginal efficiency of capital and the state of confidence. The state of confidence is relevant because it is one of the major factors determining the former . . .\*

#### THE RATE OF INTEREST

The lack of confidence that in-

\* *Ibid.*, p. 149.

vestment will bring profits, Keynes believes, makes the public hesitate to part with its cash. This reluctance makes loan capital dear, as it tends to raise the rate of interest. A high rate of interest compels the industrial capitalist to part with a large part of his profit and lowers the "marginal efficiency" of capital, that is, reduces the rate of profit. When the rate of profit is low, there is no inducement for the entrepreneur to engage in production and give employment to workers. Hence, to Keynes, the high rate of profit is the main obstacle to full employment.

According to Keynes, the obstacle to the easy flow of money into investment channels is due to the state of mind of the public, which is reluctant to part with its cash unless a great inducement is offered. In other words, "the rate of interest is a highly psychological phenomenon."\* This tendency of the public to hold on to its money instead of investing it, is peculiar to human nature, and is of ancient origin. Says Keynes:

. . . there has been a chronic tendency throughout human history for the propensity to save to be stronger than the inducement to invest. The weakness of the inducement to invest has been at all times the key to the economic problem.\*\*

Keynes avoids a discussion of the role of corporations, of Big Business, in the accumulation and control and

\* *Ibid.*, p. 202.

\*\* *Ibid.*, pp. 347-348.

ownership of the wealth of the nation. According to him, corporations and financial institutions are guided in their activities by substantially the same "psychological laws" he ascribes to individuals.

Keynes writes:

Apart from the savings accumulated by individuals, there is also the large amount of income, varying perhaps from one-third to two-thirds of the total accumulation in a modern industrial community such as Great Britain or the United States, which is withheld by Central and Local Government, by Institutions and by Business Corporations—for motives largely analogous to, but not identical with, those actuating individuals . . .\*\*

Keynes thus conceals the role of monopolies and trusts and presents a false picture of present-day, *i.e.*, monopoly, capitalism.

#### KEYNES' THEORY OF CRISES

Unable to explain the crisis of capitalism by the economic laws that regulate capitalist production and exchange, Keynes vainly seeks refuge in his philosophy. He argues that if psychology can produce bad results, then perhaps there are "hypothetical psychological propensities" which "would lead to a stable system."\*\*\*

Keynes therefore suggests that the use of a "multiplier" may correspond to the "psychological characteristic of

human nature." Divested of all verbiage the "multiplier" means only that if industry cannot supply employment, some outside means should be found to supply it, such as war production or government projects for the unemployed financed with borrowed funds. This should provide employment, not only for the workers employed on the projects, but for many more, affecting different industries in a chain reaction. These government expenditures would increase the "effective demand" and lead to new investments, thus stabilizing the system for a short period.

Keynes suggests that the capitalists could stabilize the system by investing their money "in building mighty mansions to contain their bodies when alive and pyramids to shelter them after death." Even to "'dig holes in the ground'" and seek buried fortunes would increase "the real national dividend of useful goods and services."\*\* Keynes envied ancient Egypt, which he claimed had no unemployment problem because that country kept its people busy building pyramids and hunting gold.\*\*

Keynes' "contribution" to the theory of crises does not add anything to what has been written on this subject by other bourgeois economists. The main cause of the crisis, according to Keynes, is a "sudden collapse in the marginal efficiency of

\* *Ibid.*, p. 108.

\*\* *Ibid.*, p. 250.

\* *Ibid.*, p. 220.

\*\* *Ibid.*, p. 250.

capital."\* Collapse is brought on by ignorant trades and optimistic speculators on the stock exchange. Their calculations as to future profits miscarry and, "when disillusion falls upon an over-optimistic and over-bought market,"\*\* a crash follows. Recovery depends on the re-establishment of the "marginal efficiency of capital," but attempts to restore this "marginal efficiency" meet an obstacle in the "uncontrollable and disobedient psychology of the business world."\*\*\*

Keynes is disturbed by the fact that a gang of stock exchange gamblers and speculators can wreck the economy of a country, and he demands the intervention of the government, of a government which the same crew controls. But Keynes fails to disclose the secret as to why there is a stock exchange and what makes it possible for a set of monopolists, bankers, brokers, and government officials to wreck the economy of a nation.

This secret was long ago disclosed by Marx who said that the stock exchange is a place where "the little fish are swallowed by the sharks and the lambs by the wolves."

Besides his own pseudo-theory of crises, Keynes presents other bourgeois theories to explain the causes of crises. He modifies Jevons' theory, which ascribes the cause of crises to the periodically occurring changes

in the sun spots. Good crops result when, because of these changes, weather is good, and bad crops when, also as a result of such changes, weather is bad. The income of the farmer, increased in years of good harvest and decreased in years of poor harvest, affects the rate of investment. The changing rate of investment produces fluctuation in production generally and leads to crisis. A surplus of agricultural products leads to deflation and interferes with recovery. Recovery is slow, due to the deflationary effect of a "redundant stock." To achieve more rapid recovery, Keynes advises destruction of stock. Keynes was very much satisfied with the policy of the New Deal, which subsidized the destruction of agricultural products.

Keynes thus separates industry from agriculture, which he considers to be governed by the laws of nature. But, in fact, no such separation exists. The economic laws governing industry also govern agricultural production. What is more, capitalism penetrates agriculture, not only in capitalist countries, but also in colonial and semi-colonial countries, transforming agricultural production in colonial and semi-colonial countries into an appendage to the industrial production of the imperialist countries. Capitalist imperialism introduces the plantation system and peonage. With the aid of the feudal elements and native fascists, it seeks to suppress all resistance of the native population, and to prevent the development of industry and of

\* *Ibid.*, p. 315.

\*\* *Ibid.*, p. 316.

\*\*\* *Ibid.*, p. 317.

diversified agriculture in these countries.

### THE THEORY OF UNDERCONSUMPTION

The theory of underconsumption is accepted by bourgeois economists as the most plausible explanation of crises, and is widely prevalent in the labor movement. Samuel Gompers, for example, made it the official theory of the American Federation of Labor. The Reconstruction Program adopted by the A. F. of L. in 1919, stated:

Unemployment is due to underconsumption. Underconsumption is caused by low or insufficient wages. Just wages will prevent industrial stagnation and lessen periodical unemployment.\*

The followers of Keynes propose to solve the problem of overproduction by "socializing demand." Their program calls for the capitalists to carry on production and for the government to provide a constant demand for commodities. However, a capitalist state cannot insure the demand for commodities. The demand of each class is determined by the position it occupies in social production. The effective demand of the working class cannot fundamentally be greater than the wages it receives.

In actual fact, to socialize demand, production must be socialized, for the mode of distribution is subordi-

nate and corresponds to the mode of production. In the words of Marx:

Distribution is itself a product of production, not only in so far as the material goods are concerned, since only the results of production can be distributed; but also as regards its form, since the definite manner of participation in production determines the particular form of distribution, the form under which participation in distribution takes place.\*

Those who ascribe the main cause of crises to underconsumption fail to explain *why* there is underconsumption in capitalist society. In this way they cover up the differences between the capitalist mode of production and other modes of production. They thereby conceal the basic contradiction of capitalism and the revolutionary implications of this contradiction. As Engels said:

... unfortunately the underconsumption of the masses, the restriction of the consumption of the masses to what is necessary for their maintenance and reproduction, is not a new phenomenon. It has existed as long as there have been exploiting and exploited classes. Even in those periods of history when the situation of the masses was particularly favorable, as for example in England in the fifteenth century, they underconsumed. They were very far from having at their disposal for consumption their own annual total of production. Therefore, while underconsumption has been a constant feature in history for thousands of

\* *American Federation of Labor—History, Encyclopedia, Reference Book*, A. F. of L., Washington, 1924, Vol. II, p. 255.

\* Karl Marx, *A Contribution to the Critique of Political Economy*, Charles H. Kerr, Chicago, 1909, p. 284.

years, the general shrinkage of the market which breaks out in crises as the result of surplus of production is a phenomenon only of the last fifty years. . . .\*

Overproduction is due to the social character of production and the private appropriation of the results of that production.

The contradiction between social production and capitalist appropriation reproduces itself as *the antithesis between the organization of production in the individual factory and the anarchy of production in society as a whole.*\*\*

Planning in separate, individual industries by the trusts does not diminish the anarchy of production. These plans cannot extend to the whole of society, so that while order may prevail inside the factory, anarchy rages outside. Thus, Lenin wrote:

The statement that cartels can abolish crises is a fable spread by bourgeois economists who at all costs desire to place capitalism in a favourable light. On the contrary, when monopoly appears in *certain* branches of industry, it increases and intensifies the anarchy inherent in capitalist production *as a whole.*\*\*\*

Keynes and his followers make no differentiation in the nature and features of crises in the different epochs of capitalism. The economic crises of the epoch of monopoly have

\* Frederick Engels, *Anti-Dubring*, International Publishers, 1939, p. 312.

\*\* *Ibid.*, p. 299.

\*\*\* V. I. Lenin, *Collected Works*, International Publishers, Vol. XIX, p. 104.

new and special features that did not apply in the epoch of free competition. Cyclical crises in the twentieth century take place in the epoch of the decline of capitalism, in the period of the general crisis of capitalism. They engulf the entire capitalist world and are of longer duration, making recovery more difficult. Furthermore, as Stalin stated in 1930:

In the course of development of the economic crisis, the industrial crisis in the chief capitalist countries has not simply coincided, but has become *interwoven* with the agricultural crisis in the agrarian countries, aggravating the difficulties and predetermining the inevitability of a general decline in economic activity. Needless to say, the industrial crisis will intensify the agricultural crisis, and the agricultural crisis will protract the industrial crisis, and this cannot but lead to the deepening of the economic crisis as a whole.\*

#### KEYNES' REMEDIES

The theories of Keynes again demonstrate the bankruptcy of bourgeois political economy. After erecting a huge theoretical structure, Keynes is compelled to confess that the maintenance and preservation of the capitalist system cannot be left in the hands of the capitalists. The State must take an active part in the direction and regulation of capitalist economy. Keynes writes:

I expect to see the State, which is in a position to calculate the marginal

\* Joseph Stalin, *Leninism*, International Publishers, 1933, Vol. II, p. 314.

efficiency of capital-goods on long views and on the basis of the general social advantage, taking an ever greater responsibility for directly organising investment. . . .\*

Keynes leaves to the State the management of the flow of investment into production and the regulation of consumption; the management of industry itself is left in the hands of the capitalists.

It is not the ownership of the instruments of production which it is important for the State to assume. If the State is able to determine the aggregate amount of resources devoted to augmenting the instruments and the basic rate of reward to those who own them, it will have accomplished all that is necessary.\*\*

What Keynes wants is to place the burden of rebuilding the decayed English industries on the shoulders of the people. He further expects the State to guarantee profits to the capitalists. If guaranteeing the profits of the monopolists will make it necessary to "socialize" certain industries, Keynes raises no objections. He advises the capitalists to accept a certain amount of nationalization, if necessary, and thus save the capitalist system. "The world," he says, "will not much longer tolerate unemployment. . . ."

Keynes does not seem to be too certain that his remedies would save capitalism, or that his theories would shed any light on the future of the

capitalist system. In 1937, Keynes wrote: ". . . our knowledge of the future is fluctuating, vague, and uncertain." Even about "the position of private wealth-owners in the social system in 1970 . . . there is no scientific basis on which to form any capable probability whatever. We simply do not know."\*

Compare this with the penetrating analysis of British capitalism made in 1885 by Frederick Engels:

. . . the manufacturing monopoly of England is the pivot of the present social system of England. Even while that monopoly lasted, the markets could not keep pace with the increasing productivity of English manufacturers; the decennial crises were the consequence. . . . How will it be when Continental, and especially American, goods flow in ever-increasing quantities—when the predominating share, still held by British manufacturers, will become reduced from year to year? Answer, Free Trade, thou universal panacea. . . . Capitalist production *cannot* stop. It must go on increasing and expanding, or it must die. Even now, the mere reduction of England's lion's share in the supply of the world markets means stagnation, distress, excess of capital here, excess of unemployed workpeople there. What will it be when the increase of yearly production is brought to a complete stop?

Here is the vulnerable place, the heel of Achilles, for capitalistic production. Its very basis is the necessity of constant expansion, and this constant expansion now becomes impossible. It

\* *The New Economics*, [essays by various authors] edited by Seymour Harris, New York, 1947, pp. 184, 185.

\* *The General Theory*, p. 164.

\*\* *Ibid.*, p. 378.

ends in a deadlock. Every year England is brought nearer face to face with the question: either the country must go to pieces, or capitalist production must.\*

Engels' analysis is a brilliant example of how Marxism, the science of the working class, can see and foretell the march of events.

Engels clearly saw the general line of development of the capitalist countries. He foresaw the outlines of the present struggle between the United States and Britain, although he could not of course predict in 1886 the specific conditions in which the antagonisms between them would take place. With prophetic insight Engels in 1886 forecast the reality of today. He wrote:

America will smash up England's industrial monopoly—whatever there is

\* Frederick Engels, *The Condition of the Working-Class in England in 1844*, George Allen & Unwin, London, 1920, Preface to the 1892 Edition, pp. xvi-xvii. (Quoted by Engels from his article "England in 1845 and 1885," in the *London Commonwealth*, March 1, 1885.)

left of it—but America cannot herself succeed to that monopoly.\*

Today the American imperialists have embarked on a policy of world domination, and Britain, as Engels predicted, is forced to play a subordinate role. Under the Truman Doctrine and the Marshall Plan, American imperialism, with Britain as junior partner, is preparing a third world war for the destruction of the U.S.S.R. and the new European democracies in order to dominate the world. But in pursuing the course of Hitler, American imperialism will not meet with any more success than did German imperialism.

The eclecticism of Keynes cannot help save capitalism from doom. All its tinkering with a decaying economic system will not prevent the triumph of Socialism.

\* Karl Marx and Frederick Engels, *Selected Correspondence, 1846-1895*, International Publishers, p. 443.

## FROM THE TREASURY OF MARXISM

### THE LABOR MOVEMENT IN AMERICA\*

By FREDERICK ENGELS

Ten months have elapsed since, at the translator's wish, I wrote the Appendix to this book;\*\* and during these ten months, a revolution has been accomplished in American society such as, in any other country, would have taken at least ten years. In February 1885, American public opinion was almost unanimous on this one point; that there was no working class, in the European sense of the word, in America; that consequently no class struggle between workmen and capitalists, such as tore European society to pieces, was possible in the American Republic; and that, therefore, Socialism was a thing of foreign importation which could never take root on American soil. And yet, at that moment, the coming class struggle was casting its gigantic shadow before it in the strikes of the Pennsylvania coal miners, and of

many other trades, and especially in the preparations, all over the country, for the great Eight Hours' movement which was to come off and did come off in the May following. That I then duly appreciated these symptoms, that I anticipated a working class movement on a national scale, my "Appendix" shows; but no one could then foresee that in such a short time the movement would burst out with such irresistible force, would spread with the rapidity of a prairie-fire, would shake American society to its very foundations.

The fact is there, stubborn and indisputable. To what an extent it had struck with terror the American ruling classes, was revealed to me, in an amusing way, by American journalists who did me the honor of calling on me last summer; the "new departure" had put them into a state of helpless fright and perplexity. But at that time the movement was only just on the start; there was but a series of confused and apparently disconnected upheavals of that class which, by the suppression of Negro slavery and the rapid development of manufactures, had become the lowest stratum of American society. Before the year closed, these bewildering social convulsions began to take a definite

\* This preface, dated January 27, 1887, was written by Engels, in English, for the American edition of his *The Condition of the Working-Class in England in 1844*, translated by Florence Kelley Wischnowitzky. The preface was originally published here, in pamphlet form, under the title, *The Labor Movement in America*. A new edition of Engels' work will be issued by International Publishers in the spring of 1948.—Ed.

\*\* The American edition of *The Condition of the Working-Class in England in 1844*.

direction. The spontaneous, instinctive movements of these vast masses of working people, over a vast extent of country, the simultaneous outburst of their common discontent with a miserable social condition, the same everywhere and due to the same causes, made them conscious of the fact, that they formed a new and distinct class of American society: a class of—practically speaking—more or less hereditary wage-workers, proletarians. And with true American instinct this consciousness led them at once to take the next step toward their deliverance: the formation of a political workingmen's party, with a platform of its own, and with the conquest of the Capitol and the White House for its goal. In May the struggle for the Eight Hours' working-day, the troubles in Chicago, Milwaukee, etc., the attempts of the ruling class to crush the nascent uprising of Labor by brute force and brutal class-justice; in November the new Labor Party organized in all great centers, and the New York, Chicago and Milwaukee elections. May and November have hitherto reminded the American bourgeoisie only of the payment of coupons of U. S. bonds; henceforth May and November will remind them too, of the dates on which the American working-class presented *their* coupons for payment.

In European countries, it took the working class years and years before they fully realized the fact that they formed a distinct and, under the existing social conditions, a perma-

nent class of modern society; and it took years again until this class-consciousness led them to form themselves into a distinct political party, independent of, and opposed to, all the old political parties, formed by the various sections of the ruling classes. On the more favored soil of America, where no medieval ruins bar the way, where history begins with the elements of the modern bourgeois society as evolved in the seventeenth century, the working class passed through these two stages of its development within ten months.

Still, all this is but a beginning. That the laboring masses should feel their community of grievances and of interests, their solidarity as a class in opposition to all other classes; that in order to give expression and effect to this feeling, they should set in motion the political machinery provided for that purpose in every free country—that is the first step only. The next step is to find the common remedy for these common grievances, and to embody it in the platform of the new Labor Party. And this—the most important and the most difficult step in the movement—has yet to be taken in America.

A new party must have a distinct positive platform, a platform which may vary in details as circumstances vary and as the party itself develops, but still one upon which the party, for the time being, is agreed. So long as such a platform has not been worked out, or exists but in a rudimentary form, so long the new party,

too, will have but a rudimentary existence; it may exist locally but not yet nationally; it will be a party potentially but not actually.

That platform, whatever may be its first initial shape, must develop in a direction which may be determined beforehand. The causes that brought into existence the abyss between the working class and the capitalist class are the same in America as in Europe; the means of filling up that abyss are equally the same everywhere. Consequently, the platform of the American proletariat will in the long run coincide as to the ultimate end to be attained, with the one which, after sixty years of dissensions and discussions, has become the adopted platform of the great mass of the European militant proletariat. It will proclaim, as the ultimate end, the conquest of political supremacy by the working class, in order to effect the direct appropriation of all means of production—land, railways, mines, machinery, etc.—by society at large, to be worked in common by all for the account and benefit of all.

But if the new American party, like all political parties everywhere, by the very fact of its formation aspires to the conquest of political power, it is as yet far from agreed upon what to do with that power when once attained. In New York and the other great cities of the East, the organization of the working class has proceeded upon the lines of Trades' Societies, forming in each city a powerful Central Labor Union. In New York the Central

Labor Union, last November, chose for its standard bearer Henry George, and consequently its temporary electoral platform has been largely imbued with his principles. In the great cities of the North West, the electoral battle was fought upon a rather indefinite labor platform, and the influence of Henry George's theories was scarcely, if at all, visible. And while in these great centers of population and of industry the new class movement came to a political head, we find all over the country two widespread labor organizations: the "Knights of Labor" and the "Socialist Labor Party," of which only the latter has a platform in harmony with the modern European standpoint as summarized above.

Of the three more or less definite forms under which the American labor movement thus presents itself, the first, the Henry George movement in New York, is for the moment of a chiefly local significance. No doubt New York is by far the most important city of the States; but New York is not Paris and the United States are not France. And it seems to me that the Henry George platform, in its present shape, is too narrow to form the basis for anything but a local movement, or at best for a short-lived phase of the general movement. To Henry George, the expropriation of the mass of the people from the land is the great and universal cause of the splitting up of the people into Rich and Poor. Now this is not quite correct historically. In Asiatic and

classical antiquity, the predominant form of class oppression was slavery, that is to say, not so much the expropriation of the masses from the land as the appropriation of their persons. When, in the decline of the Roman Republic, the free Italian peasants were expropriated from their farms, they formed a class of "poor whites" similar to that of the Southern Slave States before 1861; and between slaves and poor whites, two classes equally unfit for self-emancipation, the old world went to pieces.

In the middle ages, it was not the expropriation of the people *from*, but on the contrary, their appropriation *to* the land which became the source of feudal oppression. The peasant retained his land, but was attached to it as a serf or villein, and made liable to tribute to the lord in labor and in produce. It was only at the dawn of modern times, toward the end of the fifteenth century, that the expropriation of the peasantry on a large scale laid the foundation for the modern class of wage workers who possess nothing but their labor-power and can live only by the selling of that labor power to others. But if the expropriation from the land brought this class into existence, it was the development of capitalist production, of modern industry and agriculture on a large scale which perpetuated it, increased it, and shaped it into a distinct class with distinct interests and a distinct historical mission. All this has been fully expounded by Marx (*Capital*, Part VIII: "The so-called primi-

tive Accumulation.") According to Marx, the cause of the present antagonism of the classes and of the social degradation of the working class is their expropriation from *all* means of production, in which the land is of course included.

If Henry George declares land-monopolization to be the sole cause of poverty and misery, he naturally finds the remedy in the resumption of the land by society at large. Now, the Socialists of the school of Marx, too, demand the resumption, by society, of the land, and not only of the land but of all other means of production likewise. But even if we leave these out of the question, there is another difference. What is to be done with the land? Modern Socialists, as represented by Marx, demand that it should be held and worked in common and for common account, and the same with all other means of social production, mines, railways, factories, etc.; Henry George would confine himself to letting it out to individuals as at present, merely regulating its distribution and applying the rents for public, instead of, as at present, for private purposes. What the Socialists demand implies a total revolution of the whole system of social production; what Henry George demands leaves the present mode of social production untouched, and has, in fact, been anticipated by the extreme section of Ricardian bourgeois economists who, too, demanded the confiscation of the rent of land by the State.

It would of course be unfair to suppose that Henry George has said his last word once for all. But I am bound to take his theory as I find it.

The second great section of the American movement is formed by the Knights of Labor. And that seems to be the section most typical of the present state of the movement, as it is undoubtedly by far the strongest. An immense association spread over an immense extent of country in innumerable "assemblies," representing all shades of individual and local opinion within the working class; the whole of them sheltered under a platform of corresponding indistinctness and held together much less by their impracticable constitution than by the instinctive feeling that the very fact of their clubbing together for their common aspiration makes them a great power in the country; a truly American paradox clothing the most modern tendencies in the most medieval mummeries, and hiding the most democratic and even rebellious spirit behind an apparent, but really powerless despotism—such is the picture the Knights of Labor offer to a European observer. But if we are not arrested by mere outside whimsicalities, we cannot help seeing in this vast agglomeration an immense amount of potential energy evolving slowly but surely into actual force. The Knights of Labor are the first national organization created by the American working class as a whole; whatever be their origin and history, whatever their shortcomings and

little absurdities, whatever their platform and their constitution, here they are, the work of practically the whole class of American wage-workers, the only national bond that holds them together, that makes their strength felt to themselves not less than to their enemies, and that fills them with the proud hope of future victories. For it would not be exact to say that the Knights of Labor are liable to development. They are constantly in full process of development and revolution; a heaving, fermenting mass of plastic material seeking the shape and form appropriate to its inherent nature. That form will be attained as surely as historical evolution has like natural evolution, its own immanent laws. Whether the Knights of Labor will then retain their present name or not, makes no difference, but to an outsider it appears evident that here is the raw material out of which the future of the American working-class movement, and along with it, the future of American society at large, has to be shaped.

The third section consists of the Socialist Labor Party. This section is a party but in name, for nowhere in America has it, up to now, been able actually to take its stand as a political party. It is, moreover, to a certain extent foreign to America, having until lately been made up almost exclusively by German immigrants, using their own language and, for the most part, little conversant with the common language of the country. But if it came from a

foreign stock, it came, at the same time, armed with the experience earned during long years of class struggle in Europe, and with an insight into the general conditions of working class emancipation, far superior to that hitherto gained by American workmen. This is a fortunate circumstance for the American proletarians who thus are enabled to appropriate, and to take advantage of the intellectual and moral fruits of the forty years' struggle of their European classmates, and thus to hasten on the time of their own victory. For, as I said before, there cannot be any doubt that the ultimate platform of the American working class must and will be essentially the same as that now adopted by the whole militant working class of Europe, the same as that of the German-American Socialist Labor Party. In so far this party is called upon to play a very important part in the movement. But in order to do so they will have to doff every remnant of their foreign garb. They will have to become out and out American. They cannot expect the Americans to come to them; they, the minority and the immigrants, must go to the Americans, who are the vast majority and the natives. And to do that, they must above all things learn English.

The process of fusing together these various elements of the vast moving mass—elements not really discordant, but indeed mutually isolated by their various starting-points—will take some time and will not

come off without a deal of friction, such as is visible at different points even now. The Knights of Labor, for instance, are here and there, in the Eastern cities, locally at war with the organized Trades Unions. But then this same friction exists within the Knights of Labor themselves, where there is anything but peace and harmony. These are not symptoms of decay, for capitalists to crow over. They are merely signs that the innumerable hosts of workers, for the first time set in motion in a common direction, have as yet found out neither the adequate expression for their common interests, nor the form of organization best adapted to the struggle, nor the discipline required to insure victory. They are as yet the first *levées en masse* of the great revolutionary war, raised and equipped locally and independently, all converging to form one common army, but as yet without regular organization and common plan of campaign. The converging columns cross each other here and there; confusion, angry disputes, even threats of conflict arise. But the community of ultimate purpose in the end overcomes all minor troubles; ere long the struggling and squabbling battalions will be formed in a long line of battle array, presenting to the enemy a well-ordered front, ominously silent under their glittering arms, supported by bold skirmishers in front and by unshakeable reserves in the rear.

To bring about this result, the unification of the various independent

bodies into one national Labor Army, with no matter how inadequate a provisional platform, provided it be a truly working class platform—that is the next great step to be accomplished in America. To effect this, and to make that platform worthy of the cause, the Socialist Labor Party can contribute a great deal, if they will only act in the same way as the European Socialists have acted at the time when they were but a small minority of the working class. That line of action was first laid down in the *Communist Manifesto* of 1847 in the following words:

The Communists—that was the name we took at the time and which even now we are far from repudiating—the Communists do not form a separate party opposed to other working class parties.

They have no interests separate and apart from the interests of the whole working class.

They do not set up any sectarian principles of their own, by which to shape and model the proletarian movement.

The Communists are distinguished from the other working class parties by this only: 1. In the national struggles of the proletarians of the different countries they point out, and bring to the front, the common interests of the

whole proletariat, interests independent of all nationality; 2. In the various stages of development which the struggle of the working class against the capitalist class has to pass through, they always and everywhere represent the interests of the movement as a whole.

The Communists, therefore, are on the one hand, practically, the most advanced and resolute section of the working class parties of all countries, that section which ever pushes forward all others; on the other hand, theoretically, they have, over the great mass of the proletarians, the advantage of clearly understanding the line of march, the conditions, and the ultimate general results of the proletarian movement.

That is the line of action which the great founder of Modern Socialism, Karl Marx, and with him, I and the Socialists of all nations who worked along with us, have followed for more than forty years, with the result that it has led to victory everywhere, and that at this moment the mass of European Socialists, in Germany and in France, in Belgium, Holland and Switzerland, in Denmark and Sweden, as well as in Spain and Portugal, are fighting as one common army under one and the same flag.



# ECONOMIC REVIEW OF 1947

By LABOR RESEARCH  
ASSOCIATION

AS THE YEAR 1947 drew to a close, America's monopoly-dominated economy, cradle of reviving world reaction, rocked uneasily near the top of its postwar boom. Price inflation, it was predicted in business circles, would be allowed to run its course regardless of official talk of controls and the campaign oratory of an election year.

During the spring and summer of 1947, serious signs of an economic decline had appeared and some of the most conservative journals, such as the *New York Journal of Commerce*, believed the "recession" had started.

The Federal Reserve Board's index of industrial production fell from its peacetime peak of 190 in March to 176 in July. The prices of a number of commodities began to slump, as had been predicted at the opening of the year. New construction and buying for inventory slowed down as businessmen grew more cautious and fearful of overstocking. Employment in manufacturing declined.

Then, toward the fall of the year, a number of stimulating factors emerged which tended to reverse

this earlier downswing. A sharply reduced corn crop set off a speculative boom in feed, grain, and other commodities. At the same time, the business expected under the Marshall "plan" raised hopes that a relatively high level of exports could be maintained in 1948 and beyond. As Moody's *Stock Survey* put it (December 15, 1947): "By September the Marshall Plan idea had come to appear as the guarantor of inflation over a long period to come."

Buying for inventory, which had slowed down to a walk, shot up again and was running at an annual rate of about \$6 billion as the year closed. The elimination of consumer credit controls, the cashing by veterans of terminal leave bonds, and the rise in bank loans were other factors that came into play toward the end of the year.

This upswing was marked by price increases rather than increases in physical production. At the year-end the industrial production index, at about 192, was only a little higher than in March. On the other hand, the index of wholesale prices in the same period (first quarter to year-end) had risen more than 10 per cent. The consumer price index also climbed about 10 per cent in this nine month period, while average weekly earnings of workers in manufacturing were rising only about 5 per cent.

But while the real wages of most workers declined for the second successive year, net corporate profits, after taxes, hit an all-time high of

\$17 billion. The figures showing the super-profits of price inflation, in comparison with certain previous periods, were as follows:

## CORPORATE PROFITS (after taxes)

1929	\$8 billion	1946	\$12 billion
1936-39	4 billion	1947	17 billion
1945	9 billion		

Profits after taxes, were thus more than four times as great as in the pre-war period 1936-1939.

## STOCK MARKET TRENDS

These spectacular results, however, failed to influence the stock market. Wall Street's estimates of coming events in the economic sphere continued to be distinctly bearish, even though in certain aircraft stocks the preparation for another war were already reflected.\*

Stock market prices, taken as a whole, closed the year 1947 at almost the same level at which they opened it. There had been no appreciable recovery from the sharp break in stock prices in the autumn of 1946.

Wall Street's verdict on the un-

\* In a gloomy prediction of a coming "serious slump," Moody's *Stock Survey*, December 15, 1947, declared: "There is only one development, not remote to the imagination, that could modify the outlook as we see it. This would be the rapid crystallization of all the vague but persistent fears of war with Russia into a dynamic rearmament program." And the business news editor of the *New York Herald Tribune*, November 23, 1947, reported that "our government is stepping up its defense measures. This is responsible in part, for some of the price advances which are now taking place in certain products. If war talk persists more strongly in 1948, further price rises can be expected in many more items made from raw materials widely used in warfare."

soundness of economic conditions was echoed in the second annual report of the President's Council of Economic Advisers. These economists attributed the current boom to "abnormal circumstances," and specified as among these the high military expenditures, foreign aid, temporary crop shortages, and the wartime backlog of orders for consumer goods as well as industrial equipment.

However, the most important of these "props to production"—the wartime backlog of orders—was fast melting away as the New Year began. A review of the year by George A. Renard, secretary of the National Association of Purchasing Agents (*New York Times*, January 2, 1948) pointed out that:

Deferred demand in many manufactured products has been reduced, in 1947, by satisfaction through increased production and by the destructive squeeze of high prices and reduced purchasing power on a considerable element of the public. . . . The economic position is, therefore, more vulnerable than it was a year ago. . . . Demand is declining—even for export, production is high with some exceptions. Retail stocks and sales are good indicators of both factors and they are flashing signs the recession may have been deferred only one year.

## GROSS NATIONAL PRODUCT

The most obvious feature of the economic situation at the end of 1947 was the stagnation or actual decline of consumption in the face of increasing production. The most com-

prehensive statistical indicators of national production of goods and services are those of the Department of Commerce covering gross national product. These are given in terms of current prices and thus reflect both physical volume and price changes.

The 1947 gross national product total is estimated at about \$230 billion. This is an increase of about 12% over the 1946 estimate of \$203.7 billion. Allowing for a 10% average price increase in the cost of delivered goods and services, it would appear that the total physical volume of production advanced very little, if any, in 1947, especially if we note that gross national product includes as productive services such questionable items as the service of men in the military forces, the services of landlords and bondholders (valued as being equal, respectively, to rents and interest received) as well as many other kinds of non-productive activity.

#### INDUSTRIAL AND FARM OUTPUT

As we have noted before, the industrial production index of the Federal Reserve Board is a somewhat more reliable index of basic economic activity. With 100 equal to the prewar period (1935-39) average, this index averaged 187\* in 1947 or about 10% above the 1946 level of 170.

Most of this 1947 rise was the result of gains in the durable goods industries. New postwar output highs were reached in such impor-

tant lines as automobiles, freight cars, refrigerators and washing machines. On the other hand, production fell off in 1947 in important nondurable goods lines such as textiles, clothing, shoes, and in various luxury trades and services.

As the year closed, serious proportions had developed in the production trends of the main sectors of the economy. Output was running ahead of demand in many consumer soft goods industries. It was catching up with demand in practically all consumer hard goods lines except automobiles. Only in the capital goods and construction sectors was effective demand still ahead of production. (See below.)

Along with the 10% increase in industrial production, non-agricultural employment as a whole rose about 5% over the 1946 average. Factory employment alone rose about 7%. These figures would seem to indicate that industrial labor productivity increased on the whole some 3% in 1947.

Agricultural output and employment remained about the same as in 1946. The physical volume of farm products marketed in 1947 rose only about 3%. The share of farm operators in the total personal income of the country rose to about 10% in the third quarter of 1947, as compared with 8.2% in 1945 and only 6.6% in 1940.

#### CONSUMPTION LOWER

Consumer outlays for goods and services in 1947 totaled about \$164

billion, or a rise of about 14% over 1946. However, with retail prices, as measured by the consumer price index of the U.S. Bureau of Labor Statistics, rising about 15%—from 139 in 1946 to an estimated 160 in 1947—there was apparently no increase in the physical volume of consumer goods and services purchased in 1947.

This fact has been verified by many recent statements of spokesmen for the retail industry, who confirm the continuance of the downward trend in the unit volume of goods sold. Since both population and employment were higher in 1947 than in 1946, the decline in *per capita* consumption was even more marked than the drop in total volume.

As American workers and low-income groups generally struggled to maintain their standard of living, more and more of them had to dip into savings and go into debt. Personal savings for the population as a whole declined from about 9% of disposable income in 1946 to 6% in 1947.

Installment loans increased sharply and new deposits in savings banks declined, while withdrawals from such banks increased. War bond redemptions continued at about the same rate as in 1946\* despite the widespread cashing in of veterans' terminal leave bonds in the latter half of 1947.

A good deal of the using up of

past savings and going into debt which took place in 1947 was for the purpose of financing purchases of consumer durable goods, such as refrigerators, washing machines, electrical appliances, furniture, and automobiles. Sales of these goods increased in physical volume as well as in money value. But for most families, savings and loanable resources were not high enough to permit these increased hard-goods purchases without cutting into their consumption of clothing, food, drugs, and other necessities. In fact, the drop in soft-goods sales more than offset the rise in hard-goods sales during the year.

#### BALANCING THE GAP

The gap between production and consumption expenditures in the gross national product estimates is balanced by government expenditures (for goods, services, and construction), by export surpluses, and by private domestic investment.

As defined by the Department of Commerce, private domestic investment is calculated on a "gross" basis, that is, it includes expenditures for replacement and repair of worn-out plant and equipment. It therefore equals the total of new capital investment plus consumption of fixed capital. It also includes residential construction.

The estimates for these various items making up national gross product, for the last two years, derived

\* Preliminary estimate.

\* Sales of \$4,100 million in new "E" bonds in 1947 exceeded cash-ins by about \$155 million, it was officially estimated.

from government sources, are as follows:

	1946 (in billions of \$)	1947
Gross national product	\$204	\$230
Personal consumption	144	164
Balance	60	66
Government expenditures*	31	28
Export surplus	5	8
Gross private domestic investment	24	30
Total	60	66
Components of private domestic investment:		
New construction	8	10
Producers durable equipment	12	18
Increase in inventories**	4	2
	24	30

As this table indicates, the export surplus and private domestic investment increased markedly in importance as balancing factors in the economy between 1946 and 1947, while government expenditures declined.

#### EXPORT SURPLUS RISES

The export surplus rose sharply in the early part of 1947, reaching an all-time peak at the annual rate of \$11 billion during the second quarter. As foreign countries used up their gold and dollar exchange, a "dollar crisis" developed. This forced many countries to reduce their im-

\* Excludes transfer payments, i.e., social security, etc., foreign loans and relief.  
\*\* Adjusted to eliminate effect of price changes.

ports from the United States, thus contributing to the downtrend in business in the spring and summer.

However, after the Marshall "plan" was projected, the export surplus began to move up again. Referring to the effects of the proposed "foreign aid" to western Europe, Poor's Investment Advisory Service (December 6, 1947) concluded: "Even if Congress grants all the funds requested, the chances are that the total of 1948 exports will be at least moderately less than those of 1947, because many countries not subject to this aid have already moved to curtail their imports." The *Journal of Commerce* (January 6, 1948) predicted that even if approximately \$7 billion were granted for the first 15 months of the Marshall Plan's operation (the actual demand of the State Department is for \$6.8 billion) the decline in exports would still be nearly \$1 billion.

#### THE CONSTRUCTION LEVEL

Private new construction totaled \$10 billion in 1947. In addition, public construction (included in "government expenditures" in the table) totaled about \$3 billion. The Federal Works Agency estimates that for 1948 there will be a 6% to 9% increase over 1947 in the value of construction, but that the physical volume of construction will still be 20% lower than in 1941.

Public construction in 1948 is estimated at \$3.7 billion, with the lion's share going for highway construc-

tion, schools, and hospitals, and only \$100 million for public housing projects. (The rising cost of credit, however, might reduce the size of these expected totals.)

Private construction for 1948 is now estimated at about the same level as in 1947, but with a sharp increase in residential construction for people in the upper-income groups and a decrease in factory construction.

A National Industrial Conference Board survey, published December 29, 1947, points out that additions to industrial plant capacity in 1948 will largely represent completion of work started in 1947 or 1946. It states flatly that very little new factory building is scheduled to begin in 1948.

#### PRODUCERS' DURABLE EQUIPMENT

The year 1947 witnessed a record-breaking \$18 billion total investment in productive machinery and equipment of all kinds. The dollar total was 50% higher than in 1946 and four times as high as in 1939. Despite price increases, the physical volume of new equipment installations was undoubtedly at an all-time peak.

However, new equipment and machinery sales have been declining in recent months in terms of physical volume, and the continuation of this trend in 1948 is expected. Furthermore, as the N.I.C.B. survey makes clear, an increasing proportion of the new machinery will be used in modernizing existing plants rather than in equipping new factories.

The combined effect of the im-

pending slow-down in new factory building and the shift of machinery sales to plant modernization means that the upward trend in industrial employment will probably slow up some time in the current year and that we shall see the beginning of a new period of growing "technological unemployment," or the displacement of workers by labor-saving machinery. This trend is already confirmed in reports from various sectors of industry, for example, textiles. Its effects are not immediately apparent, however, as many of the workers displaced have obtained full or part-time jobs in other trades or industries and hence are not yet counted among the unemployed.

#### THE CREDIT SITUATION

In the first volume of *Capital*, in discussing the general law of capitalist accumulation, Karl Marx explains how, as accumulation develops into concentration and centralization of capital, as the credit system develops, and as wealth in all forms expands, the power of sudden expansion of existing capital is greatly increased.

Developments in the United States today illustrate this tendency. The present rapidly-paced boom is based not only on the war-created shortages of consumer and capital goods. It is based also on the tremendous existing accumulation of liquid or money capital.

Certain capitalist circles are beginning to speak of a tightening of credit, and the trend in the prices of

government and other bonds is now beginning to reflect this condition as the government takes certain feeble steps to brake the boom without slowing it down too much in an election year. If we take the economy as a whole, however, we find that only a small part of the existing money supply and credit resources is being used.

For certain small and middle-size businesses, which are loaded with excessive inventories, the shortage of money capital and credit is, however, a reality.\* This is one aspect of the concentrated ownership and control of money capital and credit which foreshadows large-scale liquidation of small businesses in the period ahead. It is now predicted that the number of bankruptcies will soon run far above the 4,000 reported for 1947, which was, in turn, five times the very low wartime rate.

The volume of accumulated liquid capital in the United States is far in excess of the investment needs of the capitalist market. This is, of course,

\* A story from Washington in the *Journal of Commerce*, December 29, 1947, pointed out that "Reports from the field to industrial economic advisors now show that marginal businesses are becoming over-extended financially. They are finding it increasingly difficult to get funds, and collections are materially slowing down. A real credit stringency, therefore, is developing, a condition seen as impossible two years ago, and one that is putting marginal producers in a money squeeze that may well spell the start of the deflation."

a big factor both in the speculative price boom (when millions of dollars are used for gambling in grains and other commodities) as well as in the urge of monopoly to export capital abroad, which is now being definitely facilitated under the Marshall "plan."

We should once more note the fact that the demand for capital goods, although now very high and in excess of production (as witness the steel shortages), is rapidly being satisfied. On the other hand, effective demand for satisfaction of consumer goods backlogs is also being eliminated, partly by production and partly by the squeeze on consumers' income and savings.

Although the backbone of the boom is weakening, it is still conceivable that the pressure of the still unused resources of credit and liquid capital may generate a further and final upward speculative twist. But if it does, it will only add to the "steam in the boiler" and increase the violence of the coming "bust." As one of the leading business weeklies put it recently, "An adjustment postponed until 1949 . . . could mean inflation checked by its own excesses. A 1949 correction would be likely to conform to the classic boom-and-bust pattern."

## ON CHANGES IN THE ECONOMY OF CAPITALISM AS A RESULT OF THE SECOND WORLD WAR\*

By I. GLADKOV

THE ECONOMICS INSTITUTE of the U.S.S.R. Academy of Sciences recently conducted a discussion on Academician E. Varga's book, *Changes in Capitalist Economy Resulting From the Second World War*. The three-day discussion attracted a large audience—scientific workers, teachers of the capital's colleges and universities. More than twenty persons took part in the lively exchange of opinions, among whom were Academicians Strumilin and Trachtenberg; correspondent-members of the U.S.S.R. Academy of Sciences Ostrovityanov, Smit, and Arzhanov; Professors Khromov, Motyliyov, Schneierson, Figurnov, Rubinstein, Mendelson, and others.

The great interest shown in the discussion evidences the timeliness of the theme and the significance of the problems posed in Academician Varga's book. This is the first attempt in our literature on economics at a theoretical generalization of the changes that have occurred in capitalist economy as a result of the Second World War. Academician Var-

ga's work touches upon the most important questions of present-day capitalism—such as, the character of the war economy of capitalist countries; concentration and centralization of production and capital during the war; war economy and technique; the war and manpower; production, distribution and consumption during the war; changes in the sphere of international division of labor and foreign trade of the capitalist countries; colonies during the war and in the postwar period; changes in the development of the industrial cycle; prospects for the economic development of capitalism; the advance of a new economic crisis. With respect to all these questions Academician Varga's book contains a great deal of factual material and a number of theoretical generalizations.

However, the discussion showed that Comrade Varga's book contains essential shortcomings as well as questionable and erroneous propositions with regard to a number of most important problems of present-day capitalism. These shortcomings and questionable propositions in the

\* Translated from the *Bolshevik*, Moscow, No. 17, September 15, 1947.

book occupied the center of the discussion.

The basic shortcoming of Comrade Varga's book consists in the fact that it does not furnish an integrated characterization of present-day imperialism. This deficiency, as the participants in the discussion noted, is explained primarily by the fact that the author considers the changes in the economy of present-day capitalism as isolated phenomena unrelated to the sharpening of the general crisis of capitalism as a result of the Second World War. The problem of the development and deepening of the general crisis of capitalism is essentially passed over in the book. And yet, a correct evaluation of the character and significance of the changes in capitalist economy during the years of the Second World War and in the postwar period is impossible without scientific analysis of the further development and of the depth of the general crisis of capitalism. The book does not give a general picture of the growth of parasitism and decay of capitalism, of the sharpening of the basic contradictions of the capitalist system, of the growth in the uneven development of capitalism, and of the sharpening of the problem of markets.

It should also be noted that the author gives a one-sided analysis of the phenomena and tendencies of the present-day capitalism, in that he separates economics from politics.

In the post-war development of capitalism Academician Varga dis-

tinguishes two stages, which supposedly have their own inherent laws. "In the first period, approximately the first decade after the end of the war," writes Academician Varga, "the unevenness of economic development, which occurred during the war, will have a decisive influence upon the course of capitalist economy." (P. 12.) The second period, the author indicates, will proceed under the sign of "protracted" changes in capitalism caused by the war. These changes "will find their expression in *the sharpening of the basic contradiction of the capitalist system, i.e., the contradiction between social production and private appropriation*, and first of all in the sharpening of the problem of realization, or in other words, the problem of the market." (P. 12.)

Such a posing of the question called forth well-founded criticism from the participants in the discussion, who noted the incorrectness of the separation between the unevenness of the development of capitalism and the basic contradiction of the capitalist system. Comrade Varga, incorrectly, "postpones" for a decade the sharpening of the basic contradiction of capitalism and the problem of the market connected with it. This contradiction is an incessantly operating law of capitalism. Just as incessantly does the law of the uneven development of capitalism operate.

Reality shows how devoid of value is Comrade Varga's position on the

postwar development of capitalism and especially his prognosis concerning the basic contradiction of capitalism. The postwar period is characterized by the sharpening of all the contradictions inherent in the capitalist system—by the intensified exploitation of the workers, by the growth of unemployment, by the sharp lowering of the living standard of the toiling masses, by the extension in the operation of the industrial plant below production capacity, by the intensified struggle for markets and spheres of capital investment, by the growth of militarism, etc.

\* \* \*

Especially sharp was the criticism directed against Academician Varga's incorrect statements on State-monopoly capitalism, on the role of the bourgeois State in economy, on the essence and meaning of State regulation of war economy in capitalist countries.

As we know, bourgeois economists and politicians fashion numerous projects for the "cure" of diseases of the bourgeois social system through the "planning" of capitalist economy. They assiduously advertise various "plans" for securing "full employment," for preventing crises, etc. The bourgeois economists and politicians refer besides to the experience of State regulation of war economy during the years of the Second World War. Setting up war-capitalist economy as an example of planned econ-

omy, they sing praises to the panacea of State regulation of capitalist economy during the postwar period as well.

The Soviet economists, who base themselves on the guiding directions of the classics of Marxism-Leninism, in effecting a scientific analysis of present-day capitalism, must struggle decisively and ceaselessly against the reactionary theories of the apologists of capitalism and the harmful illusions created by them. However, not all our economists duly fulfill this task.

In this respect Academician Varga's book has serious shortcomings. "One of the most important phenomena of the Second World War," the author states, "*was the fact that in all bourgeois states, belligerent or neutral, the State acquired a decisive significance in the war economy*" (P. 15). The author asserts further that, during the period of the war, capitalism's most difficult problem, the problem of realization, the problem of the market, was fully solved (P. 9). According to Comrade Varga, the State itself decided "*what had to be produced*"; it "determined the utilization of the major part of the material means of production"; it distributed the manpower, organized the supply of commodities to the population, etc. "And this," concludes Academician Varga, "would have been absolutely impossible, if the complete anarchy of production existing in peacetime had remained unchanged in wartime. . . ." (P. 17.)

Thus, the capitalist war economy in the light of Comrade Varga's explanation loses its anarchic character, and appears like some kind of organized economy.

This general concept of Comrade Varga, not only as developed in the book (in the first chapter it appears as a picture of a uniquely organized war-capitalist economy), but as repeated even in a sharper form during the discussion, does not correspond to reality and contradicts Marxism-Leninism.

Marxism-Leninism teaches that the economy of the capitalist countries is not in the hands of the bourgeois State, but in the hands of private owners and their combinations; that, on the contrary, the State itself is in the hands of the large capitalist owners, who direct the entire activity of the bourgeois State. If the interests of capitalism sometimes demand (especially in periods of economic crises and wars) a certain State "interference" in private economy, then such interference does not change the nature of the economy: the capitalist economy remains as before anarchic. The bourgeois State can only to a certain extent limit the individual excesses of the anarchy of production. The entire history of capitalism corroborates these theses of Marxism-Leninism. The experience of the Second World War likewise confirms them.

Monopolies played universally a decisive role in the capitalist war economy. All measures of State reg-

ulation of the capitalist economy during the war years not only did not weaken, but strengthened the economic might of the large monopolies. The apparatus of State regulation and control in all capitalist countries was actually in the hands of these monopolies. The major war orders were distributed among the large monopolies; the State helped them with priority on scarce raw materials, guaranteed them high profits, etc. It is known that the war-economy organs of the U.S.A. and England were organized and headed by the magnates of monopoly capital, by representatives of the steel and chemical trusts, armament manufacturing combines, etc. It is also known that in capitalist countries the State turned the lion's share of all war orders over to large monopolies. In the U.S.A., of the total sum of war orders from June, 1940 to November, 1942, amounting to \$60,000,000,000, over 70 per cent fell into the hands of 100 large firms; one-third of these orders was turned over to five of the largest monopoly concerns.

The practice of the capitalist countries clearly demonstrates the limitation of the regulatory measures of the bourgeois State in the sphere of economy. Under the domination of private ownership of the means of production, the State, even during the war, was unable to eliminate anarchy of production and competition, or to coordinate the activities of competing private concerns and individual capitalists.

In bourgeois society, whether under conditions of peace or in wartime, the means of production—factories, mills, land, railroads, banks, etc.—are in the hands of capitalists and their combinations. The State remains the tool of the owners of means of production, the servant of the monopolies.

Marxism-Leninism demands that the question of State regulation of economy should be viewed always in immediate connection with the character of the State rule which effects the regulation. Lenin pointed out that the entire question of economic regulation, of control, "reduces itself to the point of who controls whom, *i.e.*, which class is the controlling and which is the controlled one."\*

Life daily confirms the correctness of the Marxian thesis: wherever the imperialists rule, the strengthening of State interference in economics means the strengthening of oppression and exploitation of the toilers, the consolidation of the omnipotence of the monopolies, the strengthening of reaction within the country as well as in foreign affairs.

The fundamental and decisive factor in the character of the role of the State in economy during the epoch of imperialism is the organic tie-up between finance capital and the State. The largest monopolies hold in their hands the apparatus of State power and direct its activity in

the interests of monopoly capitalism in peacetime, as well as in time of war. Notwithstanding this Marxian thesis, Comrade Varga holds that in time of war the bourgeois State stands over the capitalist monopolies, entering into conflict with the capitalists; that this State, in wartime, as it were, resisted the bourgeois profit principle. The bourgeois State, writes Academician Varga, "constantly clashed with the private interests of individual capitalist enterprises, with their concern for the extraction of the highest possible profits" (P. 10; see also p. 18). On page 37, the author again underscores that "the concern of the capitalists for high profits and their striving to conduct production accordingly even during the war is in constant contradiction with the striving of the State to place production and consumption to the maximum degree at the service of the war."

These erroneous assertions of the author were subjected to serious criticism by the participants in the discussion. In reality there is not, and cannot be, any constant contradiction between the bourgeois State and the capitalists; for the bourgeois State itself is the class organization of the capitalists, defending their interests both under peacetime and wartime conditions.

As far as capitalists are concerned, war is first of all a profitable business; and in wartime profit remains the major motive for capitalist pro-

\* V. I. Lenin, *Collected Works*, International Publishers, New York, 1932, Vol. XXI, Book I, p. 196.

duction. The bourgeois State in no way infringes upon this principle of capitalism. On the contrary, in wartime the State guarantees to the capitalists and their combinations higher profits than in peacetime, by shifting all the burdens and privations of the war period to the shoulders of the toilers. In the U.S.A., even on the basis of minimized data published in the bourgeois press, the capitalist profits for the years of the Second World War, were, after deduction of taxes, nearly three times the pre-war profits. Evidently, State interference in the economy in no way limited the capitalist appetites; on the contrary, it promoted their immeasurable gain.

Comrade Varga's assertions to the contrary, measures of State regulation of capitalist war economy not only do not contradict the principle of extraction of profits, but are in general possible only in so far as they guarantee the capitalists an augmentation of their profits. The experience of the Second World War showed that the bourgeois State in its "regulating activities" consistently adhered to this principle. The bourgeoisie during the war entrusted the State with realizing certain measures of economic regulation because it found it advantageous to do so as a class. As Lenin pointed out during the years of the First World War, such measures of the bourgeois State are nothing but "systematic measures taken by the State to ensure

triple or even tenfold profits for the capitalists."\*

\* \* \*

Academician Varga's book also contains other serious errors as regards the character of the aims and tasks of State regulation of war economy under the conditions of capitalism. For example, according to the book, without State regulation of supply to the population of the capitalist countries, "a considerable portion of commodities available in limited quantities would have been hoarded and consumed only by well-to-do people." (P. 18.) But such a picture of supposedly just distribution of commodities in the bourgeois State does not correspond to reality.

Notwithstanding the measures of State regulation of consumption during the war and in the postwar period, speculation and the "black market" flourish widely in bourgeois countries, and this condition strikes solely at the budget of the toiling people. Lenin, writing in 1917, characterized the bourgeois state as not "in the least degree attempting actually to regulate consumption in the sense of *control over the rich*," who supplement "the meagre governmental ration by all sorts of 'additional' products on the side." In all bourgeois States, as Lenin pointed out, "we observe how the rich constantly *evade* 'norms' of consumption."\*\* An analogous picture came

\* *Collected Works*, International Publishers, Vol. XX, Book II, p. 189.

\*\* *Collected Works*, Volume XXI, Book I, pp. 200, 201.

to notice in the capitalist countries during the Second World War.

Comrade Varga writes that but for State regulation of the supply of products, "the physical strength of the urban workers, whose restoration was necessary to guarantee the normal work of war industry, could not have been restored because of malnutrition, which would have led to a rapid fall in output." (P. 18.) This assertion of the author's also basically contradicts reality. It is universally known that the capitalists, whether in time of peace or in wartime, exact a high output, in the first place through intensification of labor and the physical exhaustion of the workers, without a thought for the material well-being of their hired slaves, for the creation of normal conditions for their labor.

In his characterization of "civilian consumption" during the war (Chap. VIII), Academician Varga operates with average indexes; which lead him to erroneous conclusions. By lumping together American millionaires and workers and unemployed, the author concludes that, during the war years and in the post-war period in the U.S.A. "the people consumed 20 per cent more food than was necessary for normally healthy fare." This picture, distorting reality, was drawn by Comrade Varga from the words of lying "observers" and from the false sources of the bourgeois press. In such rosy hues Comrade Varga pictures England's "civilian consumption." He

states that "during the war the quality of food of the British population was even improved." In his uncritical repetition of data from bourgeois sources, the author clearly minimizes the difficulties and privations suffered by the toilers in capitalist countries during the war years.

As justly noted in the course of the discussion, Comrade Varga's treatment of State regulation of wartime capitalist economy creates an incorrect idea of that regulation, as though it had a supra-class character. For example, the author declares that the bourgeois State "as a rule, directed the manpower of all citizens, by utilizing them either in the army, or in the rear serving the army." (P. 23.) But the bourgeois State never so much as thinks of equal distribution of the difficulties and expenditures of war among all classes and layers of the population. Under any measures of State control and regulation of economic life in the bourgeois countries, the rich were always able to avoid personal participation either on the battlefield or in the field of work. Characterizing the wartime financial policy of the bourgeois states, Comrade Varga writes (P. 22) that "the State took from its citizens, in the form of taxes, a considerably higher share of the national income than it did in peacetime," forgetting even here to point out that the bourgeois State distributes the burden of taxation far from equally among all citizens, and that the pressure of taxation in the

bourgeois State is borne mainly by the toiling masses.

\* \* \*

Another important shortcoming of Academician Varga's book lies in his abstract conception of the "impoverishment" of capitalist countries during the years of the war. He substituted this artificial, imaginary concept for the real law of uneven development of capitalism and the general law of capitalist accumulation.

The book omits such questions as that of the condition of the working class in the capitalist countries. Instead of analyzing the intensified exploitation of the workers in the capitalist countries, Comrade Varga talks of "increased use of manpower for the heightened output of production," of "the improvement in the methods of using manpower in wartime" (Pp. 99, 114); instead of giving us a clear characterization of the absolute and relative impoverishment of the proletariat, Comrade Varga confines himself to abstract assertions to the effect that the impoverishment of the proletariat "theoretically proceeds all the time, in peacetime, as well as in wartime" (P. 67).

It was correctly noted in the course of the discussion that the thesis on the "impoverishment" of the capitalist countries is assiduously advanced by bourgeois politicians and economists for the very purpose of masking the colossal enrichment of the capitalists and the impoverishment

of toilers in the bourgeois countries during the war. With such talk of the "impoverishment" of the capitalist countries, the bourgeois economists attempt to cover up and justify the attacks of capital against the toilers, summoning the people to new sacrifices ostensibly to increase the national wealth, but in reality to safeguard and swell the profits of the capitalists. Academician Varga's book uncritically reproduces the assertion of the British bourgeoisie and its scientific myrmidons about the "impoverishment" of England, circulated for the purpose of obtaining foreign loans, postponement of debt payments, etc. It is likewise known how many crocodile tears are being shed by advocates of the German imperialists in the attempt, under the pretext of the "impoverishment" of Germany, to release her from paying reparations.

\* \* \*

A great deal of attention was paid in the discussion to the analysis of the economy of the lands of people's democracy. The consensus of opinion was that Varga's book gave an incorrect presentation of the question. There was decisive criticism of the author's assertion that the nationalized enterprises in Yugoslavia, Bulgaria and Poland represent State capitalism (P. 291). The facts are that in these State-owned enterprises there is no exploitation of labor; the profits do not go to capitalists, but to the people in the person of their State. This is an economy of a new

type, securing an enhancement in the welfare of the toilers, and thus constituting the basis for further progress in the lands of people's democracy.

It should be noted that during the discussion Comrade Varga admitted to an erroneous evaluation in his book of the nationalized enterprises in the lands of people's democracy. It was shown in the course of the discussion that Comrade Varga's book does not reveal the significance of the democratic reforms in the lands of people's democracy. In a number of cases the author incorrectly evaluates these reforms. For example, he declares that the land reform, along with the drought, was one of the factors in the postwar failure of agrarian production in Eastern Europe (Pp. 131, 169). The bourgeois press similarly evaluates the agrarian reforms; but such accounts do not correspond to reality. The facts show that the transfer of feudal estates to the peasantry saved the toiling peasantry from starvation, and opened the way to quick rehabilitation and upsurge of the agrarian economy in the lands of people's democracy, despite the terrible devastation by the German invaders.

Many participants in the discussion criticized the author for his underestimation of the role and significance of the lands of people's democracy in world economy. They pointed out that Comrade Varga confined himself to a quantitative characterization in declaring that "the specific gravity of these coun-

tries in the capitalist world economy as a whole is relatively small, and for the present they do not basically change the general perspectives of the development of capitalism as a whole." (P. 291.) In criticizing this statement, the participants in the discussion brought out the fact that according to population the lands of people's democracy almost equal those of England and France combined, while in area they exceed the territory of these countries.

In estimating the perspectives of Europe's postwar economic development, Comrade Varga writes that "it will take not less than a decade" until the countries of Europe "can again bring their productivity to the prewar level" (P. 304). This statement, too, rightly encountered objection on the part of the participants in the discussion, who showed that the book did not take into consideration the economic and political transformations which conditioned the difference between the perspectives and tempos of the reconstruction process in the lands of people's democracy and those of the other European States. The States of people's democracy, basing themselves on the social ownership of the basic means of production and on the principle of planned economy, are successfully rehabilitating their economy. The introduction of a new, democratic order is helping to speed the tempo of economic reconstruction in these countries, while the subjection of certain European countries to foreign imperialism retards



the economic rehabilitation of these "ward" States.

Comrade Varga's book gives an incorrect appraisal of the role and significance of American "aid" to the rehabilitation of Europe's economy. We read on page 12: "The productive capacities of the impoverished countries will, in about ten years, again be raised to their prewar level (partially with the help of American credits)." Life has refuted any such judgment of American credits as an instrument for the economic improvement of Europe. The dollars of the American imperialists are everywhere a means for political pressure and economic enslavement. As far back as 1917, when the British and American imperialists sought to thrust similar financial "aid" upon Russia, Lenin remarked that "the financial aid of the Allies,' while enriching the bankers, 'supports' the Russian workers and peasants even as the rope supports the hanged man."\*

Criticism was directed at certain statements in Comrade Varga's book regarding the colonial question, statements that present incorrectly the inter-relationships of imperialist States, colonies, and dependent countries. Thus, we find on page 219: "*An absolutely new, unprecedented fact in the history of imperialism is the almost universal reduction of financial dependency of colonies and dependent countries on the empires, the transformation of certain colo-*

*nies from debtors into creditors of imperialist metropolises. This course of development, which has hardly been suspended after the war, represents a profound change in the relations between the colonies and the metropolises.*" It would appear from this that the colonies and metropolises have almost changed places, and that a process of economic liberation of colonies, as it were, is taking place. These assertions of Academician Varga differ radically from reality. The speakers in the discussion showed that Comrade Varga's book fails to expose the new way of plundering and enslaving colonies. The book glosses over the indisputable truth that the colonies cannot achieve freedom and independence through economic evolution, that this necessitates a national-liberation struggle against imperialism.

Comrade Varga's book presents an utterly incorrect characterization of the relations between the U.S.A. and dependent countries of Latin America. The situation is presented in such a way as though during the war these relations were marked by a chivalrous disinterestedness. The U.S.A., we are told in the book, aided the industrial development of the countries of South America by "giving them the necessary machinery" (P. 203). The U.S.A., particularly, "furnished the capital for constructing a metallurgical plant and for expanding the rubber production in Brazil, and for increasing the extraction of copper in various coun-

tries. It bought up the rubber extracted in the South American countries at prices higher than those obtaining on the domestic markets, etc." (Pp. 27-28.) On the next page the author again underscores the fact that "the U.S.A. paid in South America far higher prices for copper than it did at home." The book fails to show the growing dependence of the economy of the Latin-American countries upon the monopoly capital of the U.S.A.

\* \* \*

Along with the serious shortcomings of Academician Varga's book, the discussion disclosed the weak sides in the work of our economists, and primarily in the work of the Institute of World Economy and World Politics of the Academy of Sciences of the U.S.S.R., with respect to theoretical research on the present-day stage of imperialism and the general crisis of capitalism.

We must note still another significant result of the discussion. It made apparent the weak development of

self-criticism among the economists. Some comrades, instead of criticizing the errors and effectively discussing the questionable theses of Comrade Varga's book, respectfully called for some sort of "agreement" with the author, some sort of "please all" formulation.

The discussion represents a positive event. In the course of it a number of most important questions of present-day capitalism were discussed.

Today, when millions of toilers the world over show a rising interest in the perspectives of social development, and persistently seek an explanation of the facts in present events and a way to solve urgent socio-economic problems, the Soviet economists face honorable and responsible tasks. By pursuing the study of present-day capitalism, conducted in the light of the Leninist-Stalinist theory of imperialism, they will serve the cause of progressive mankind.

\* *Ibid.*, p. 260.

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