

People's Capitalism—and Djilas

By WILLIAM Z. FOSTER

The New Class,* by Milovan Djilas, formerly vice-president of Yugoslavia but now a deserter from Communism, is currently being widely hailed in the world bourgeois press as constituting the theoretical demolition of Marxism-Leninism and of the world Communist movement in general. The State Department thinks highly of this counter-revolutionary book, and Radio Liberation is sending it word-by-word over the radio to the USSR and the European People's Democracies, a two months' steady job. The book is an elaborate attempt to develop an anti-Communist theoretical basis for the "People's Capitalism" propaganda that American imperialism is now so sedulously peddling in this country and internationally.

The "People's Capitalism" of these years is a direct political descendant of the "New Capitalism" of the 1920's. Both were born during times of intense economic boom in their respective periods, and both gave vivid expression to the "prosperity illusions" current at such times. By taking a brief glance back at the New Capitalism of a generation ago, it will help us to understand the People's Capitalism of today, and also Djilas' role in it.

Still fresh in the mind of the American people is the deep intoxica-

tion that was generated around the demagoguery of the New Capitalism during the hectic 1920's. The United States, which had emerged victorious and undamaged from World War I and was just starting out upon a determined effort to win world domination, was then passing through a frenzied economic boom, based mainly, but not exclusively, upon repairing the vast property damages done and the commodity shortages created by the first world war. The only capitalist rivals that the American imperialists had to face had been deeply injured by the war.

American capitalism, with its industries booming along, was hailed by the soothsayers here and abroad, as having become crisis-proof; a wild speculation raged on the Stock Exchange; Ford had defeated Marx, they claimed, and the class struggle was ended. Drunk on this capitalist prosperity propaganda, the conservative leaders of labor declared strikes to be obsolete; hailed the theory of Professor Carver, (*The Present Economic Revolution in the United States*), that the workers were buying a decisive control of the stocks of American industry; organized a whole series of wildcat labor banks, and asserted that the road of the workers to emancipation lay through active cooperation with the employers for more and more produc-

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tion. These were the halcyon days of "trade union capitalism" and of intense class collaboration with the employers. The Communist Party warned against all this labor folly, and it pointed out that an economic crisis was certain and in the offing. But the Party's voice went practically unheard until the great economic crisis of 1929 knocked to smithereens the whole New Capitalism house-of-cards. The "New Capitalism" turned out to be very much the old capitalism.

THE PEOPLE'S CAPITALISM OF TODAY

At present, we have a fresh edition of the New Capitalism of long ago, this time more demagogically named "People's Capitalism," or the "Welfare State." Once again, in the aftermath of a great war, in which it got strong and wealthy while its main capitalist rivals were almost cut to pieces, the United States is carrying on a more determined effort than ever to make itself the imperialist master of the world. Again a big post-war boom is afoot, and once more the mouth-pieces of capitalism are telling us, in every conceivable way, that the United States will never again know a serious economic depression or crisis. Capitalism is pictured as a progressive regime, in which monopoly capital, formerly dominant and ruthless, is now tamed and essentially defeated.

Again the conservative leaders in the unions who are ardent defenders of People's Capitalism, are going in for "trade union capitalism," but in a new way. With union treasuries a hundred times richer than those of the 1920's, they are buying into industry

on a big scale, and as individuals, they are plunging with the unions' huge welfare funds. No longer is it even frowned upon for a labor leader to be a capitalist in his own right. Speculation with the workers' fund is going on upon a far greater scale than is indicated even by the current shocking racketeering scandals in the Teamsters, Bakers, and Textile unions. Again we are hearing the old song that the workers are becoming capitalists and are buying out the industries.

Of course, the analogy between the situation in the 1920's, with its New Capitalism, and that in the 1950's, with its People's Capitalism demagogogy, must not be pushed too far. Lots of water has run under the bridges in the meantime. But the changes that have occurred have in no sense given a more sound justification to the present People's Capitalism, so called, than was had by the erstwhile ill-fated New Capitalism, which blew up so spectacularly in October 1929. In the interim, although American capitalism has become much richer, basically the world capitalist system has grown relatively and actually weaker. The general crisis of world capitalism has markedly deepened. The Socialist world, struggling for a foot-hold a generation ago, has now become very powerful, consisting of a whole system of states which embrace about 900,000,000 people, or over one-third of all humanity. Meanwhile, the capitalist system although now passing through a hectic economic boom, is confronting a series of mounting difficulties. Most important of these is the disastrous break-down of the col-

onial system, which was one of the major props of world imperialism. The English, German, French, Japanese, Italian, and Dutch empires have been shattered, and these erstwhile powerful regimes are now all on the dole of the United States. Nor are there lacking in the capitalist world serious signs of coming economic troubles of a major sort, as the 16th National Convention of the CPUSA basically indicated.

THE DEVELOPING IDEOLOGY OF PEOPLE'S CAPITALISM

People's Capitalism, or as it is often called, the "Welfare State", stems primarily from monopoly capitalism. It is a conscious and organized effort by American monopoly capital to save, for itself, the threatened world capitalist system—from its own accumulating weaknesses and from the growing competition of world Socialism. Its most immediate purpose is to provide a "democratic" screen for Wall Street's ruthless attempt to dominate the world, even by atomic war. It is essentially class collaborationist in character, in that the Social-Democratic leaders of labor in the capitalist countries have definitely identified the achievements and aspirations of the working class with the program of People's Capitalism.

The substance of the argument of the Welfare State, or People's Capitalism, is that, in the United States and other major capitalist countries, the people are now living under substantially a new form of society, in which the monopoly capitalists are no longer dominant and where the state has as its basic objective,

the cultivation of the interests of the working class and other domestic strata. The Welfare State is conceived as a sort of evolutionary, intermediate stage between monopoly capitalism and Socialism. But all this is a gross misconception. The American people are still living under monopoly capitalism, and the state still has the elementary objective to further and protect the interests of the capitalists, especially the monopolists, at the expense of the working class, the farmers, the Negro people, and other mass strata. The only favorable consideration the working masses may get from the present state is what they are able to insist upon by virtue of their powerful economic and political organizations. The danger in the Welfare State and People's Capitalism demagoguery is that it weakens the fighting spirit of the workers by sowing illusions among them to the effect that the main enemy, monopoly capital, is already essentially defeated.

The political ideology and economic practices of People's Capitalism have been long in the making. Already in the mid-1920's roots of it were to be seen in such books as, Foster and Catchings', *Business without A Buyer*; Tugwell's, *American Industry Comes Of Age*, and others. The real economic ideology of the movement, however, was outlined by the well-known book, published in 1935 by John Maynard Keynes, entitled, *The General Theory of Employment, Interest, and Money*. Keynes' theory was that by increased government intervention in industry, by manipulating taxes, interest rates, and other fiscal factors, and especially by feed-

ing languishing industry with fat government orders for public works, war munitions, etc., economic crises could be averted, or at least minimized below the point where they could constitute a real danger to the capitalist system. Thus Socialism was to be defeated and capitalism saved.

Keynesism, which is the basic economics of the period of the general crisis of capitalism, became in various forms, the economic policy of all the major capitalist governments, including the United States. The United Nations also subscribes to it. Franklin D. Roosevelt, with his New Deal, was the first President to put the Keynesian program into effect, in his fruitless efforts to overcome the economic breakdown of 1929-1933 — it took World War II, however, to end this crisis. In the immediate post-war period, President Truman followed the same general line of giving industry a shot-in-the-arm by huge and highly profitable munitions orders. President Eisenhower has gone in the same general direction, except that his 74 billion dollar peace-time budget far outdoes anything previous of the Keynesian brand, and his gigantic atomic war machine, scattered all over the world, is a constant menace to international peace.

Generally, the reformist leaders of the trade unions and the Social-Democratic parties have adopted the Keynesian capitalist thesis of a "progressive capitalism" or "Welfare State", weaving their own program into this general pattern. They have supported the aggressive and warlike policies of American imperialism, on the futile theory that the interests of the people are best served by following

militant American imperialism. They are again singing the song of a capitalism that is supposedly gradually being transformed into a "People's Capitalism". Far and wide, in the bourgeois press, capitalism is pictured as having lost all its previous exploiting character, and its insatiable greed for maximum profits, is now supposedly diverted to promoting the welfare of all the people. Books and articles along this general line have multiplied unendingly.

A very notable contribution to the developing ideology of People's Capitalism, which deserves special mention was the recent book by John Strachey, a former Marxist writer but nowadays a prominent reformist leader of the British Labor Party, entitled *Contemporary Capitalism*. This is a basic endorsement of Keynesism and the so-called welfare state. Its elementary aim is to so emasculate Marxism that it can be fitted into Welfare State illusion. Its specific role is to sow more effectively the seeds of People's Capitalism in the ranks of the working class. In this respect the book has had a considerable effect among the reformist labor leadership, especially in the English-speaking countries.

DJILAS, IDEOLOGIST OF PEOPLE'S CAPITALISM

Now we come to the role of Djilas and his book, *The New Class*, in all this. And this is a very special role in the cultivation of the propaganda of the imperialist conception of People's Capitalism. Djilas, like Strachey, is a highly experienced former Marxist writer, and he has a keen sense of the basic role that Communism is

now playing in the World. His fundamental approach is that at all costs this Communist "menace" must be destroyed. Practically all the advocates of People's Capitalism are anti-Communist, but Djilas is of a special kind. He has set as his major task to demolish Marxism-Leninism, and with it the Communist movement, by disintegrating, if he can, its theoretical foundations.

Djilas has completely discarded the entire Marxist ideology—its dialectical materialist philosophy, its centralized organization, its methods, its terminology, and its Socialist perspective. He has made a clean sweep of it so far as he himself is concerned, and he aims to have the Communist movement generally do the same. Many bourgeois writers of today accept various aspects of Marxism in limited forms. They recognize, in a way, the existence of social classes and the class struggle, and they are often inclined to give a great deal of weight to the economic factor in the shaping of history. But not so Djilas; for him this is all gone and done with. He has become a bourgeois ideologist, pure and simple, who has taken unto himself the impossible task, in the name of People's Capitalism, of abolishing the theoretical and practical influence of Marx and Lenin.

Djilas sets out to prove as his main thesis that the body of Communist leaders throughout the world, particularly in those countries where they and their allies have acquired state power, constitute a new social class which is oppressing and exploiting the people. This is an old and stale thesis, which has been with us ever since the earliest days of the Russian Rev-

olution; but Djilas presents it with such cunning and vigor that it must needs be answered all over again. This is doubly necessary because of the confusing consequences of the re-evaluation of the role of Stalin and the events in Hungary, which, of course, constitute meat and drink to Djilas and the main impulse for the writing of his book.

The Djilas book is already widely popular among the Right-revisionist trend that has sprung up recently in a number of Communist parties. It is just what the doctor ordered for such ex-Communists as Howard Fast, Joseph Starobin, and Joseph Clark. These people still talk about being Marxists and favoring a Socialist perspective, but consciously or unconsciously, they are supporters of People's Capitalism, which is alien to Socialism. This is the substance of what they have been advocating in and around our Party for the past two years.

One of Djilas' many slick devices in trying to make his case is to indulge in the grossest distortion and exaggeration. Thus, he will take some weakness or shortcoming in the Communist movement and blow it up out of all relation to reality. This is especially true with regard to his development of the concept of the Communist leadership comprising a new social class. He creates his new class by grossly exaggerating the evil of bureaucracy which has affected the various Communist parties. Now, bureaucracy is admittedly a great evil, and Lenin himself never ceased inveighing against it. To overcome it and to establish real democracy in its organizations is one of the most basic problems confronting the working

class in all countries. The Social Democratic parties have long been notoriously bureaucratic; so, too, are the trade unions—see the A.F. of L. C.I.O. in general, or the Teamsters (and scores of other unions) in particular. And especially during the past two years, Communists have become very conscious of the serious manifestations of bureaucracy in the Communist parties.

Obviously, especially under Stalin, the Soviet Party and State were seriously crippled with bureaucratism and this did a world of damage, which is only now being painfully corrected. A particularly powerful cause for this corroding bureaucratism was the fact that the U.S.S.R., because it was compelled, in self-defense in a hostile capitalist world, to build its industries at great speed had to be on constant guard against internal and external mortal enemies, and to fight two long and disastrous wars. It had to keep its people almost continuously under a discipline and in urgent organization drives that provided a very fertile field for bureaucracy. Stalin took advantage of this weakness, with the tragic results that we now all know.

One of the most basic lessons that was learned by Communists as a result of the drastic revelations about Stalin at the 20th Congress of the Communist Party of the Soviet Union was the serious extent and destructive effects of the bureaucracy that had grown up during the Stalin regime and the imperative necessity of eradicating it. Every Communist Party in the world, including the C.P.U.S.A., is now deeply concerned with this elementary bureaucracy problem and is moving

energetically to eliminate it. Most active is the C.P.S.U., which is being stirred to its depths in this respect.

Djilas, with his customary exaggeration and distortion of every Communist error and weakness—and there are still all too many of these—takes the position that Stalin's gross errors were the ultimate and unavoidable expression of Communist organization. But this is false, as is evidenced by the universal cleansing of such wrong tendencies that is now going on in all Communist parties. Democratic centralism, as made clear by Lenin, can be made to work in the fullest sense of the democratic aspect of this indispensable proletarian formula of organization and action. Communists, while strong advocates of effective unity and discipline, are also the best champions of workingclass democracy in all its forms.

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To say as Djilas does, that such bureaucracy as existed under Stalin in the USSR signifies that a new ruling class has arisen there, is absurd. Indeed, in an effort to bolster his "new class" nonsense, Djilas has had to concoct a fantastic conception of what constitutes a social class. Thus, he says on page 54, "The specific character of this new class is its collective ownership." He says also (page 45), "This new class obtains its power, privileges, ideology, and its customs from one specific form of ownership—collective ownership—which the class administers and distributes in the name of the national society." And again, on page 46, he avers that, "The ownership privileges of the new class and membership in that class are the

privileges of administration." Thus, the fact that the Communist leaders of the Party and the State are mainly administering the industries is supposed to make them the owners of the great wealth of the Soviet system—which is sheer nonsense. Perhaps the industries should administer themselves and thus avoid being "owned" by the authorized manager?

Throughout history, one of the most elementary characteristic features of a ruling class is that its members have owned and enjoyed personally the wealth being produced by the given society. Djilas is quite aware of this fact, and he would like to prove that the Communists as a "class" do own the industries in the only sense that has any real meaning; namely, by reaping the profits from them and holding them as personal wealth; which, if so, would indeed make them a class. But this, of course, he cannot do, as such a condition is impossible in a Socialist country.

In the USSR there is not equality of wages. Diversity in this respect, which is in accord with the basic Socialist principle of "To each according to his work," is indispensable under Socialism as a direct stimulus to better and more production. Nevertheless, in this matter, as in so many others during the latter years of Stalin, serious errors were made and favoritism shown. Undoubtedly certain categories were paid out of proportion to their contribution to the upbuilding of Socialism. Such errors, too, must and will be corrected.

Djilas, fishing around to construct a case in this respect for his stale "new class" theory, makes various charges that certain officials are fa-

vored regarding housing, automobiles, etc. All unjustified wage discrepancies and special favors granted to this or that group are bad and must be rectified; they are expressions of the elementary evil of bureaucracy. But to use such examples as groundwork for asserting that there is a "new class" of Communist functionaries in the USSR is nonsense. It is a typical example of the irresponsible exaggeration and distortion which are the chief working tools of Djilas. The only possible conclusion, from Djilas' own arguments (and the facts in the case), is that the Soviet people themselves own the industries and that they are reaping collectively the advantages of their growth and development.

A MAZE OF DISTORTIONS AND MISINTERPRETATIONS

In order to bolster up his basic thesis that the Communists have simply substituted a new class of exploiters for the old ones, Djilas develops a hundred and one falsities, half-truths, and exaggerations. He sweeps aside dialectical materialism as neither Communist nor revolutionary. Marx and Lenin, while great revolutionaries, were blunderers who really knew little or nothing of the laws that govern social growth and decay. He says that Communist leaders are "no better acquainted than others" in this respect.

Djilas equates the dictatorship of the proletariat with Party and eventually one-man dictatorship. He thinks that the Socialist revolution should have proceeded upon the basis of the principle of bourgeois democracy, although obviously it does not. He systematically identifies discipline, and es-

pecially the vanguard role of the Party, with bureaucracy; although, with his experience, he should know that, despite serious errors made in the practice, without a powerful lead from the Party, the revolutions in Russia, China, Yugoslavia, and elsewhere, could not have been brought about nor maintained.

Obviously, the Communist movement has suffered much from dogmatism, but it is fighting against and overcoming this harmful weakness. But Djilas, with his characteristic exaggeration and distortion, portrays Marxism-Leninism as hopelessly doctrinaire in its very being. And this in spite of the many profound additions and developments made to Marxism by Lenin, by Stalin's theory of Socialism in one country, by the People's Front policies of the 7th Congress of the Comintern, by the policy of People's Democracy of the post-World War II period, by the many theoretical innovations of the Chinese Communists, by the popularization of the concept of various national ways to Socialism, by the recent adoption of the possibility of a parliamentary road to Socialism, and by the present widespread fight against dogmatism. Contrary to Djilas, and despite admitted weaknesses of dogmatism, Marxism-Leninism, over the years, has proven itself to be basically flexible and highly responsive to the widely differing needs of the labor movement in all countries. In this respect, as in many others, Marxism-Leninism is far ahead of Social Democracy.

Djilas, in his own special way, rehashes all the arguments that bourgeois and Right-Social Democratic intellectuals have been making against

Communism and the USSR ever since the fateful November 7th of forty years ago. Naturally, therefore, he pulls out all stops when dealing with the question of the ideology of peoples under Communist leadership. He says: "An enemy to thought in the name of science, an enemy to freedom in the name of democracy, the Communist oligarchy cannot but accomplish complete corruption of the mind." But this attack is hardly sustained by the notable scientific and technical progress made by the USSR which he grudgingly acknowledges; by the outstanding contributions made to science, literature and the arts by Communists; by the long series of internal ideological struggles that have marked the history of every Communist Party, and especially by the profound ideological ferment that is now going on throughout the Communist world.

All through his book, Djilas harps upon the theme that the Communist-led revolutions are failures. But here, as usual, he frequently contradicts himself. Thus, on page 30, he says, "The Communist Revolution cannot attain a single one of the ideals named as its motivating force." But faced with a mountain of evidence contradictory to this, he characteristically departs from this absurd picture. For example, he states, page 30, that "The Communist revolution has brought about a measure of industrial civilization to vast areas of Europe and Asia"; on page 100 we learn that, "The Communist regimes have succeeded in solving many problems that had baffled the systems they replaced"; and on page 117, "Of course, once-backward Russia has attained second place in world production as far as the most

important branches of its economy are concerned. It has become the mightiest continental power in the world." Not a bad record, even this sparse summary, one might say, for a revolution which allegedly could not achieve a single one of its motivating ideals.

Djilas exhausts his vocabulary in denouncing the Communists as stupid, reactionary, brutal, and what not; but, here again, writing especially to corrupt the international Left-wing, he must, however contradictorily, pay some tribute to reality. On page 148, we find, "In principle, and in words the Communists subscribe to ethical principles and humane methods"; on page 155 he says, "The world has seen few heroes as ready to sacrifice and suffer as the Communists were on the eve of, and during the revolution," and on page 13, "At first it (the Party) was guided by the most beautiful, primordial human ideas of equality and brotherhood." But alas, corrupted by power, the Communists, according to him, have been metamorphosed into senseless and callous brutes—which, of course, is ridiculous.

Djilas says time and again that the Communists represent an isolated sect, divorced from the masses. Hitler, listening to the Djilases of his time, also believed this absurdity, but he learned differently, to his utter destruction. It is this same false idea which lies at the base of the Eisenhower-Dulles policy of "liberating" the Socialist countries of the world, a scheme which constitutes a most deadly threat to world peace. One of the incurable illusions of the bourgeoisie is that it is impossible for this class to accept the fatal fact that a given people can actually believe in Socialism.

DJILAS' ABANDONMENT OF SOCIALISM

The advocates of People's Capitalism are, by the same token, opponents of Socialism—although Right-Social Democrats, for tactical purposes, may still use upon rare occasions certain Socialist phrases. They usually equate Socialism with "People's Capitalism," as Strachey does. Djilas, however, minces no words in this matter, at least not so far as the Communists are concerned. He blasts Communism as reactionary, imperialist, warlike, and a threat to every form of social progress, as well as to world peace. Its planned economy, he says, is the most inefficient and wasteful system in world history. Djilas also makes no basic exception regarding "National Communism." For him that also is Communism, and therefore to be condemned. So he throws Lenin, Stalin, Trotsky, Tito, Mao Tse-tung, and Khrushchev all in one pot, making little of the conflicting concepts among them. In fact, he considers all Communism to be national Communism (page 174). Any Communist Party which seeks to advance the interests of the workers and its whole people (and they all do this), even while carrying on a most active policy of proletarian internationalism, is willy-nilly, "national Communist," according to Djilas.

Djilas is rather obscure, however, as to just what is his own social perspective. He condemns Communism outright and damns Social Democracy with faint praise. But he speaks kindly of the capitalist world, notably the United States. Monopoly capital, supposedly now practically dethroned by

the people under capitalism, is no longer a real menace, and he outlines no need for elementary democratic struggle by the working class or the people generally. The world, he concludes vaguely, "will go in the direction in which it has been moving, and must go on—toward greater unity and freedom" (page 214). Djilas' whole outlook, which is generally that of an advocate of People's Capitalism, is politically akin, despite its modern ideological trappings, to the pragmatic support of capitalism by a Gompers.

THE FIGHT AGAINST "PEOPLE'S CAPITALISM"

The United States is the birthplace and the major stamping ground of People's Capitalism and the Welfare State, so-called. And the dynamic cause of this doctrine, the force which called it into being and which gives it its apparent vigor and life, is the long-continued industrial boom in this country. People's Capitalism is the chief ideological expression of the upswing of American imperialism, of its bid for world mastery, and of its temporary prosperity. People's capitalism, as a concept, combines in itself all the major political illusions and political weaknesses to which the working masses of this country are subject and which Communists must fight—such as, American exceptionalism, class collaboration, prosperity illusions, national chauvinism, and tailing after the political parties of the bourgeoisie.

People's capitalism is doubly dangerous in the United States because of the deep inroads it has already made in the ideology of the working masses, including the trade union move-

ment and the active national organizations of the Negro people. The working programs of the AFL-CIO are in reality, if not clearly in theory, but so many statements within the framework of so-called People's capitalism. Such an acceptance of elementary bourgeois propaganda by labor's leaders and spokesmen cannot but injure and weaken the fighting force of the whole working class and its allies in every direction.

It is the major ideological task of the CPUSA to combat the illusions built into the concept of People's Capitalism, or its other name, the Welfare State, while at the same time fully supporting all the democratic demands of the workers, farmers, and Negro masses who may hold to this concept. The Party, of course, has recently done much in this general respect, and it is impossible here even to indicate the many fine articles, pamphlets, and books that have recently been written around this general subject or upon specific aspects of it. Of course, much more has to be done. This is a struggle for the minds of the American working class and its allies. By far the best general summary and analysis of People's Capitalism that has yet appeared, however, was the elaborate symposium on the question held recently under the auspices of the journal *International Affairs*, in Moscow, published in its issue of May, 1957.

In combatting People's Capitalism, the Communist Party will have to pay special attention to that demagoguery's new and most effective spokesman, Milovan Djilas. In his book, he has stated the whole case of the bourgeoisie against the Socialist world, and he has

done it in a way most harmful to the world's working class, fighting its way onward to Socialism. In the foregoing pages, we have done little more than indicate the general character of his anti-Socialist at-

tack. As the Socialist forces of the world march forward, we may expect the appearance on the scene of more ideological antagonists of the Djilas type, and Communist writers must be prepared to refute and defeat them.

The inner dynamism of Marxism is essentially scientific: a belief in inexorable material advance which the Western world has lost since the 19th century. Both in quantity and in quality, the Soviet educational effort in science far surpasses our own. Science occupies a central position in the Soviet universe which in the West is accorded only to God. Nor, as recent conferences have shown, have Soviet scientists succumbed to the fatal departmentalization which in the West has erected impassable barriers between pure and applied science: there, the Marxist image of science as a *continuum* has encouraged men to probe far beyond the visible reach of industry.

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