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ON THE

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**LABOR MOVEMENT IN CRISIS**

*By David Coolidge*

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# THE NEW INTERNATIONAL

*A Monthly Organ of Revolutionary Marxism*

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# THE NEW INTERNATIONAL

*A Monthly Organ of Revolutionary Marxism*

VOLUME IX

JANUARY, 1943

NUMBER 1

## A New Crisis in the Labor Movement

### *Reviewing the Current Situation*

The organized labor movement in the United States is faced with a new and deep-going crisis arising from the effects of the Second Imperialist World War on the entire working class. This crisis reveals the trade union movement faced with severe trials which accompany its efforts to function in the interests of its members, and the working class in general, in a world dominated by a war of vast proportions and charged with potentiality for evil and trade union defeat.

The present crisis began with the retreat of the union bureaucracy when the demand came from the bourgeoisie and the government that the unions must "voluntarily" relinquish their right to strike for the duration of the war. This was the beginning of a planned offensive against the working class by the ruling class. The trade union bureaucracy, however, did not see the matter in this light. To these dull-witted class collaborationists, giving up the "right to strike" meant that both classes were to make important sacrifices and that relinquishing the strike weapon was a simple concession to be made by labor. In turn, the bourgeoisie would yield a few of its cherished "rights." For instance, big business men would give up, among other things, their right to hundred thousand dollar salaries, a half dozen automobiles, yachts and castles. They were to be satisfied with only one cup of coffee a day, five tires and pants without cuffs. Along with these sacrifices it was evidently assumed that the bourgeoisie would yield its right to insist on the sixty-hour week, the pegging of wages and the demand for higher income taxes on the lower paid workers. In addition to this, it was assumed that business would facilitate the processes of collective bargaining to such degree that it would be unnecessary for workers to even think about the strike and the fact that labor had yielded this precious and time-honored weapon.

Since the proposals had come from the President, it was clear to the trade union leaders that they would be enforced over the protests of any doubting Thomases among the business leaders. It was a tripartite arrangement: business the government and labor, all for the purpose of winning the war. "Victory Through Equality of Sacrifice," said the United Automobile Workers.

But things did not turn out as the CIO-AFL bureaucrats had hoped and prayed. After the bourgeoisie obtained its no-strike agreement the whole conspiracy against labor began to show itself. The attack was universal. Following the no-strike agreement, which was really negotiated with Roosevelt behind the backs of labor and without the consent of the unions, the bourgeoisie came forward with the demand that labor give up the "premium pay." The trade union bureaucracy consented to this. Not only did the CIO leaders consent, but they sent

a demand to Washington that all companies be ordered to cease paying time and a half for Saturdays and double time for Sundays and holidays. They called on the government to force those companies which for reasons of their own continued the "premium pay," to cease and desist. It was then that such an order was issued from the White House in favor of a plan for time and a half for the sixth day and double time for the seventh day. This did not place much of a burden on industry because it is very easy to arrange work schedules in such a way that there will be little or no double time under such an arrangement. Saturday and Sunday were clear and definitive and there was no easy way to escape.

It was claimed that the premium pay interfered with production, but none of the production geniuses of business or the unions was ever able to explain just why a man whose pay was \$8.00 a day would do less work if he got \$16.00 for working on Sunday or on a holiday. There has been a theory in the United States put forth by some leaders of industry and government that high wages are an incentive to increased production and better workmanship. The withdrawal of the premium pay was certainly out of line with this theory and the reasons for the change must be looked for elsewhere than in the field of production.

#### **The Principle of Wage Stabilization**

The next move was for the "stabilization" of wages. To this day no one knows exactly what this means formally and officially. However, again the trade union bureaucracy was for it. They were against a "ceiling" on wages but were all-out for "stabilization." Since there had to be a norm of some kind it fell to the lot of the War Labor Board to determine a stabilization formula. This they did in the Little Steel award. The steel workers had asked for a dollar a day increase in pay. A panel of the War Labor Board declared that in order to keep the living standard of steel workers during 1942 up to the 1941 standard, an increase of 21 per cent would have to be granted. A dollar a day advance would mean only an increase of 11 per cent. But the board cut the increase far lower and granted a wage boost of only 44 cents a day!

The vice-chairman of the board, Dr. George W. Taylor, had some interesting and significant things to say in attempting to explain the meaning of this award. What he had to say about the award were known as "principles" and were set forth as follows in *Labor Action* for July 27, 1942: "From January, 1941, to May, 1942, the cost of living increased about 15 per cent. If any workers have received less than a 15 per cent increase in hourly rate of pay for this period 'their peace-time standards have been broken.' That is, they can't eat as much now as they could before January, 1941. But if they

have received an average 15 per cent increase than their 'established peacetime standards have been preserved.' That is, they can live in the same shack they lived in before, wear the same old clothes and buy the same amount of food, even though it wasn't enough.

"Any workers 'whose peacetime standards have been preserved' can only get an increase from the board if they can prove that there are 'inequalities' and sub-standard conditions 'specifically referred to in the President's message of April 27, 1942.'"

The leaders of the Steel Workers Union objected to this formula but their objections were based mainly on the size of the increase granted. They did not enter into the real problem, that is, the matter of elevating the low standard of living by insisting on an increase in real wages. Furthermore, the union bureaucracy did not lay sufficient stress on the recommendations which had been made by the WLB panel to the effect that if the steel workers did not receive more than the dollar a day increase demanded by the union, the standard of living in the steel industry for 1942 would be below that of 1941.

These concessions by the trade union leadership are the immediate cause of the present crisis in the labor movement. The procedure of the WLB in the matter of sanctions for wage adjustments combined with the contention of the labor bureaucracy that although the WLB has many "weaknesses" it should be continued, further intensifies the crisis. Since there can be no wage increase without approval from the WLB, it is necessary that all wage contracts and schedules go to this powerful body. It was reported at the CIO convention that 4,000 of these contracts repose in the WLB's morgue like so many departed derelicts who have been picked up on the city streets.

The Office of Price Administration also enters the picture, for the reason that usually when a manufacturer is faced with the demand for a wage rise he immediately insists that it will be necessary to increase his selling price. Therefore collaboration between the WLB and the OPA is necessary. But in the meantime the workers wait to find out whether their "peacetime standards have been preserved" or whether they are entitled to an increase because of "inequalities and sub-standard conditions."

### **Who Dominates in Washington?**

Government boards have never been models of speed and efficiency when dealing with labor cases. But now they are slower than ever. The War Labor Board is not the old National Labor Relations Board and it does not function in the era of the New Deal. Nor does it have a free hand. It is subordinated to the general war plans, to the War Production Board, to Byrnes, whatever his function is, and to the organized pressure of "our system of free enterprise" in the form of the National Association of Manufacturers and other pressure groups of the bourgeoisie. This condition was graphically described by a delegate at the recent CIO convention who remarked from the floor that "the same gang that was driven out of Washington in 1932 is back today stronger than ever."

In a very important sense this is true. While the ruling class was not driven from the capital in 1932, its most reactionary members were pushed into the background for a season. But now the "economic Tories" have returned in full

force. The bourgeoisie has stationed its biggest guns in Washington: the chairmen of the boards and the presidents of the biggest corporations. They do not rely today on the judgment and the prestige of their junior executives. The big men "resign" their posts as a "patriotic" duty and place their splendid talents and experience at the "service of their government" in its hour of peril.

These men dominate the Washington scene. It is they who determine the policies of the government in relation to labor. It was they who put through the no-strike agreement, the abolition of the "premium pay," the increase in taxes on the poor and the general slow-down in the settlement of labor cases. They infest every important office and board in Washington; they have crawled into the bureaucratic pile in the capital and lie there working in ways which are hidden from the public gaze.

These men are extremely class-conscious and carry on a consistent struggle in behalf of their class. And those "public servants" who deviate from the line are eliminated, as witness the departure of Henderson.

All of the biggest corporations are represented by their top men in the government boards that determine the conditions under which the proletariat works and lives. United States Steel and General Electric are there; General Motors and Standard Oil, the shipping interests and the machine tool industry. They have the ears of cabinet officers and of their favorite senator or representative. They swarm all over Washington and carry on in the interest of their class. This is really the sort of régime that the labor bureaucracy consented to have when they began their retreat and eventually capitulated to the demands put forth by Roosevelt. The organized labor movement did not understand this, for reasons which we will go into later.

The real internal crisis became visible when labor began to evince dissatisfaction and develop a restlessness that expressed itself in numerous slow-downs and spontaneous strikes. These are the strikes that the labor bureaucrats and the capitalist press call "wildcat strikes." But they are no more wildcat than any other strikes. That is, they are not wildcat in the sense that they have no sound basis or in the sense that the workers have no genuine grievances. They are wildcat only in the sense that they have not been called and are not approved by the top leadership of the unions. The fact is that this is the only method available to the rank and file of the unions for putting pressure on their leaders to cease and desist from "negotiating with our enemies against us." This was the expression used by a delegate to the April, 1942, conference of the Automobile Workers Union.

The antagonism and the contradiction between the objective and subjective interests of the workers and the 100 per cent pro-war, class collaboration position of the trade union bureaucracy, is the real heart of the crisis in the labor movement. The two do not and cannot go together. They cannot and will not be reconciled. The proletariat is beginning to have some primitive understanding of this fact. To the extent that they develop and increase this understanding, to that same degree will the crisis deepen and broaden.

### **The Influence of the New Deal**

In order to get a clear appreciation of the present situation it is necessary to look for its source and examine its history. It is the opinion of this writer that the roots of the con-

temporary crisis of the proletariat lie in the New Deal set-up and the ideas on capitalist planning that were assumed to be the lifeblood of that ill-fated nostrum of the "liberal" bourgeoisie. The real meaning of the New Deal was and always has been obscured by the hosannas of praise that were heaped on the New Deal by every variety of liberals and by organized labor. They closed their ears and their minds to the very clear and definitive statements made by Roosevelt even when in the midst of a campaign for re-election. The chief protagonist of the New Order of 1933 said again and again in very positive tones that the purpose of the New Deal was to save capitalism. In his Syracuse speech in 1936 Roosevelt told the "economic royalists" that he had saved them, that if it had not been for his administration and the measures he had taken there would have been riots and serious social disorders.

This was the central theme of the New Deal: save the profit system, protect bourgeois rule, keep the social order from collapse or from being overturned by an increasingly militant proletariat. This fact was buried beneath all the paraphernalia of the NIRA, Section 7A, the WPA, PWA, AAA, HOLC., etc. To this should be added the pro-CIO decisions of the NLRB and many other beneficial but temporary aspects of New Deal legislation. All of these labor Magna Cartas rolling from the halls of Congress, like pension bills, served to blind labor to the real meaning of the New Deal. It was here that the present crisis in the labor movement had its beginnings.

The United States, along with the rest of the capitalist world, was in the grip of the severest economic crisis in history. The question was being asked whether it was possible for capitalism to go on for another decade. Those whose business it was to study the course of capitalist development and draw political conclusions therefrom said that capitalism was at least in the next to the last stage of its decline. The proletariat was told that it was now faced with the greatest ordeal of its career: the crisis and the world decline of capitalism. This would be accompanied by mass unemployment, misery and imperialist war.

The central question of the day was put to the ruling class: "Can this system which you so tenaciously defend, feed, clothe and shelter the masses of the people? Can it dispel their misery and grant them peace, security and happiness?" To this question the ruling class had no answer. All one could get from these giants and honored patriarchs of the Republic was incoherent babbling about "the American Way of Life" and "Our System of Free Enterprise." They were socially bankrupt. The breadlines of every city, the desolation of the farms, the steady wandering of able-bodied men and women from place to place, the fact that garbage cans became the banquet table of countless unemployed, all this attested to the bankruptcy of the bourgeoisie.

Roosevelt, as the representative of the so-called enlightened bourgeoisie, understood all of this but labor did not. Hence he and his New Deal were hailed by labor and its "friends" throughout the land. Roosevelt knew then and he knows today that some concessions had to be made to the working class, to the masses of the people. The steady march and tramp of the unemployed legions had taught him this much: not only must the masses be appeased but they must even be coddled a little. The most stubborn among the bourgeoisie were chastised and made to accept the new program for their own good. Both capital and labor were brought together under a régime of governmental paternalism.

Both capital and labor were to have their "rights." The Roosevelt government would guarantee this. Labor would have the right to organize and bargain collectively. They must have "good wages" and decent hours. Capital must also have the right to organize and bargain collectively with labor. Capital also must have "good wages," that is, a "fair profit." Both capital and labor were forbidden to interfere with the rights of each other. Labor accepted the New Deal and Roosevelt with trust and confidence. The Marxists were unable to stem the reformist tide.

### **New Unionism and the CIO**

With this development the trade union movement, notably the CIO, entered upon a new career. A new theory of labor struggle was born and put into practice. It was the theory of government as a non-class institution which would not only mediate between capital and labor but would really be a partisan of organized labor. Labor, as its leaders saw it, entered a new existence: the ward of the federal government.

The bourgeoisie did not accept its new status as partner in the tripartite arrangement that was to exist between government, capital and labor. They remained principled protagonists of class struggle and bided their time: the time when they would be needed and when the New Emancipator would be forced to call on them for help in prosecuting the next war. They knew their place in society and their rôle in history. Above all they knew that their interests lay with the class to which they belonged.

It is necessary to understand and underscore the failure of the trade union movement to perceive what was going on. The bourgeoisie was faced with the steady downward course of capitalist society and bourgeois democracy. The factories were idle, cargo vessels were at anchor, land transport was unused, banks were collapsing, stocks and bonds were far below par, dividends were of the halcyon days of the past and profits were a hope for the future. Therefore the bourgeoisie was faced with the dire necessity to do something "radical" for the salvation of their reign and their system. Their answer was the New Deal. And the proletariat—despite the fact that the objective conditions were ripe for a real New Order, for a workers' New Order—had no program of its own, no insight and no leadership capable and adequate for the task that history had placed before it.

The working class was propagandized to accept the alleged fact that now it had the "right to organize." This was supposed to have been provided by Section 7A of the National Labor Relations Act. The labor movement went into rhapsodies over this "fact," even though it already had this right which on more than one occasion was given legal sanction by the Supreme Court. But the fanfare of trumpets about the "right to organize" was part of the concession that the bourgeoisie was prepared, under pressure, to grant the proletariat. And there was legislation for collective bargaining and the social security program. This, then, was to be the "workers' century."

The whole program of the New Deal was aimed at industrial peace in a period of turbulence and of the inability of the bourgeoisie to quell the unrest by satisfying the material needs of the people. Its aim was to neutralize the class struggle and harmonize the interests of the two classes, which was necessary in order to give a wounded and gasping capitalist democracy time in which to repair its broken limbs and to rehabilitate itself.

In this whole development one sees the source and beginnings of the present difficulties in the labor movement. For it was during the New Deal days that labor was tied to the government. In this sense the trade union movement was corralled by the bourgeoisie. Behind this phenomena was the real contributions made by the New Deal to the material welfare of the working class. In a period of mass misery and despair, only the absence of a revolutionary leadership and party prevented the independent political development of the American proletariat. It therefore succumbed to reformism. All it could do was wait for a leader who could tap the federal Treasury and the tremendous accumulated financial reserves of the bourgeoisie. This Roosevelt did. In a sense, therefore, the New Deal was a bribe—a bribe paid to the proletariat in a potentially revolutionary period.

### **The Shock of the War**

But this dream of labor was shattered. This vision of an Elysian existence under the benign and paternal glance of the government was decomposed by events over which neither labor nor the New Dealers had any control. Three thousand miles of ocean on one side and 7,000 on the other no longer kept the United States immune from "foreign entanglements." We were about to get the first real and potent demonstration of the oft-repeated saying that capitalism today is an international economic order. The barbarian invasions under the banner of fascism were covering the whole of Europe with concentration camps and bringing industry and finance under the control of Germany's ruling class. The bourgeoisie in the United States had maintained its equanimity throughout the period of the destruction of the trade unions, the blood purges, and the hounding, robbing and murder of the Jews. As a matter of fact, they were quite happy over the German experiment. They had gone their profit-seeking way after the sack of Austria and Czechoslovakia. So long as they could convince themselves that the main aim of Hitler was the destruction of the Soviet Union they were undisturbed lovers of the peace. But when the Nazi hordes turned westward, Hitler made it clear that his aims were more elaborate than the subjugation of a Poland or the rescue of his kinsmen in the Sudetenland from Czechoslovakian exploitation.

The New Deal became the War Deal and after a series of political maneuvers extending over a period of three years the bourgeoisie entered the Second Imperialist World War. Just as the labor movement had failed to understand the crisis of capitalist democracy in the days of the "great depression," it now failed to comprehend this greater crisis that bourgeois democracy faced. While the depression was world-wide it was nevertheless possible for the ruling class, through the New Deal, to use a part of the enormous wealth that had been accumulated for a program of internal welfare work that would alleviate the terrible suffering of the masses. Foreign entanglements could not be a major factor in this program. But the new crisis for the bourgeoisie brought it face to face with a powerfully armed external foe, out for world domination. Its very existence was at stake and there was no time to be concerned with the "socialistic" experiments of the New Dealers.

The labor movement failed to understand that the change over from the New Deal to the War Deal was not a change in the primary aims of the bourgeoisie and the government. Even during the days of the New Deal the chief aim was the preservation of capitalism and the capitalist way of life. While

formerly the struggle was against the national proletariat, now with the coming of the Second Imperialist World War the struggle of the bourgeoisie is not only against its own proletariat but also against another imperialist ruling class. The class struggle in the United States continues, but to this is added an inter-bourgeois struggle on an international scale, a war between the German-Japanese-Italian ruling class and the Anglo-American ruling class.

That the class struggle in the United States continues unabated is a fact that the organized proletariat is only beginning to understand in a vague sort of way. The assault on labor is just beginning to reveal the true relationship between the classes, yet the workers believe, because this is what they are taught by their leaders, that big business is concerned with smashing the unions because they don't like unions, or that big business men are simply concerned with getting their big salaries and dividends.

The situation is not so simple. In the present circumstances the American bourgeoisie fights for its very economic and political life. It fights for its national existence. To fight for national existence means to fight for world domination. In this sense the present war differs from the First Imperialist World War. In that war one could say that it was a war for the redivision of the world. England dominated the world's trade and protected this domination with the powerful British fleet. Germany wanted a part of this trade and more colonies. But even the colonies which Germany held were taken away from her and turned over to France and England under a mandate arrangement. France organized and financed the armies of the little refurbished "republics" of Central Europe and dreamed of domination over continental Europe.

The war has changed many things. Hitler seeks world domination for the German ruling class. This means to bring world trade, raw materials, agricultural areas, mineral resources, the colonial regions and the "democratic" nations under the domination of the German ruling class. But this is not the aim of the German bourgeoisie alone. The national bourgeoisie of England and the United States is caught in the same vise of necessity. To fight for its life today is to fight for imperialist expansion, for world dominion.

When a ruling class is faced with such a dilemma, it cannot tolerate its government, its executive committee, posing as a friend of labor. This is too dangerous. It demands that its government become the overseer of labor. The ruling class does not always use such harsh language, of course. In the first stages it employs a milder approach. Hence the demand for "national unity." This is the first and great commandment. And the second is like unto it: "equality of sacrifice."

The working class does not understand that the demand for national unity, no matter in what soft tones it may be made, is a demand for the subordination of the proletariat to the bourgeoisie. Carried out in practice—and practice is what the ruling class insists on—national unity is a demand for the working class to do all of the sacrificing.

### **"Equality of Sacrifice" and the Workers**

The demand of the ruling class for "equality of sacrifice" is only a corollary to the demand for national unity. Some of them couch this demand in very crude terms and say that this is labor's war, that labor has more to gain by winning the war than any other group. Ralph Bard, Assistant Secretary of the Navy, told the last CIO convention that "it's largely your war. There are more workers than there are lawyers or bankers or corporation executives." The fact that the ranks

of labor can sit peacefully while such insults are uttered by government officialdom is an indication of the bourgeois poison that has seeped into labor's ranks.

Militant workers who do not agree with what is taking place in the unions find themselves in a very embarrassing and harassing situation. They are in disagreement with the program of their own leadership. Being unable to untangle the complex web of relationships that exist between the labor bureaucracy, the government and the employers, and the reasons for the actions of their leaders, they either become discouraged or follow in a listless and uninspiring manner. The trade union bureaucracy is responsible for this situation. While no one should expect the present-day trade union leaders to break through the capitalist integument and become proponents of revolutionary thinking and action, it is not necessary for them to bend so far backward that it is difficult to distinguish them from the government and industrial bureaucrats. This is not required for a trade union leadership even in the present wartime situation. The labor leaders today are full-fledged "labor lieutenants of capital" and it is extremely difficult to isolate their thinking and their action on working class problems from that of Roosevelt and the bourgeois "friends of labor." They merge the interests of labor with the interests of the bourgeoisie, closing their eyes to the fact of class divisions in society and the realities of class struggle.

The capitulation of the trade union bureaucracy to the government and the ruling class, however, does not resolve the class struggle. This struggle cannot be dissolved by class collaboration on the part of the union leadership. The struggle can be atomized for a period and the proletariat may be subdued for a time, but the problems arising from ownership of the instruments of production and the concomitant problems of private profit, exploitation and wage labor do not vanish simply because trade union leaders go around giving birth to fervid and plaintive utterances about "the people's war," "equality of sacrifice" and "total mobilization."

The proletariat in the factories know this all too well. It is in the plants that the facts of the capitalist encirclement of the working class reveals itself. It is here that the imperialist war-makers are exposed for what they are. It is here that the workers learn, all too slowly to be sure, whose side Roosevelt is on and whose interests he represents. Millions of proletarians working on war orders have seen the employers attempt to push them to the wall since their leaders gave up the right to strike. Above all they notice that Roosevelt and his various boards have not come to their aid and assistance.

Therefore, when these workers come to one of their conventions they are completely mystified by the proposals, speeches and recommendations of the trade union bureaucrats. They know that what the leaders are saying contradicts their experience in the shops. They also know that their experiences and the accumulated experience of the labor movement during the past two years is nearer the real situation than the representations of the leadership. But they don't know the meaning of what the leadership is doing and saying. They do not understand that the labor bureaucracy are not only "capital's labor lieutenants," but political recruiting sergeants of the bourgeoisie. Hence their conventions, presumably called to discuss the economic problems of the working class, are from opening to adjournment political gatherings of the proletariat to listen to second-hand reports which the bureaucracy has passively imbibed from Roosevelt

or his subalterns. It is in these conventions today that the working class is oriented and regimented toward full political and organizational support of the war. This is the point at which the proletariat dwells in a sort of twilight zone between its understanding of its economic requirements and a lack of understanding of the political situation and its own class needs.

### **Political Failings Stand Out**

Into this welter of confusion, betrayal and ignorance come the Stalinists, the super-patriots running at the heels of Stalin and supervised by the GPU. They have influence in the labor movement, but this influence is placed whole-heartedly at the service of the bourgeoisie and the government. The trade union bureaucracy, which really hates and fears them, is unable to escape their reach because this bureaucracy, on the main question of the war, has politics which is identical with that of the Stalinists. The Stalinists therefore are political bedfellows of the erstwhile anti-Stalinist labor leadership and of all the war-mongers among the liberals. They warn the workers to step up production and do the will of the War Production Board or this board will take away the maintenance of membership awards. All those workers who express their resentment at the capitulation of their leadership and the assault of the employers are labelled "irresponsible" and "seditious." They call on the government to suppress labor papers which oppose the war and every worker who is anti-war is a "Trotskyite."

This is a dark picture, but the light begins to break through. It comes from the only source that it can come from: the proletariat itself. Those who bear the main burden are dissatisfied and they begin to stir. There is murmuring among the people; that is, among the working class. The leadership feels this pressure of the ranks and they are genuinely concerned. Their concern will increase for there is no good reason to believe that the trade union leadership will alter its course or that the workers will continue their retreat.

While the workers dissent and show their feelings in various practical ways inside the plants, their protests are weak, inchoate and disorganized. Here we see the most militant part of the world's proletarian forces faced with the highest political task of all time, with the threat of becoming engulfed in world fascism, without a class-conscious leadership, with little or no political understanding and no mass political organization. The political and ideological attack of the bourgeoisie is being answered by outmoded and impotent trade union formulas good for a previous era, the era of direct negotiations with the employer and before the direct and constant intervention of the government.

The trade union movement, ten million strong, with millions more crying for organization, is being pushed back and subordinated to the demands of a tottering imperialist ruling class. These demands are being made by this blundering and senile ruling class right at the time when its only answer to the economic demands of the people is to drench the world in blood and visit terrible destruction on mankind. And this, in order to perpetuate and maintain its rule. It asks the proletariat to come to its aid, to assist it in achieving these aims, which when realized can only mean the perpetuation of the enslavement of that same proletariat.

The bourgeoisie today demands obeisance from the trade union leadership and submission from the proletariat under the pretense that it fights against fascism and for democracy.



This is the banner that the workers are asked to rally to. The leaders of government, industry and finance know that the proletariat is and must be the mortal enemy of fascism. The workers have seen the snarl of the fascist dictator and tasted the misery of his concentration camp. They are eternally against the victory of Hitler and all his works. They are for the complete defeat of Hitler, his military defeat and his ideological defeat. This means that the proletariat is against fascism and for democracy. But the democracy for which the proletariat is willing to lay down its life is not guaranteed by this present ruling class. Their record is bad and their credentials are spurious. Their record is displayed all across the land as plain as day for every worker to see and understand. We have recounted that record in this article and every worker has experienced its meaning in every shop, mill, mine and factory and on the farm.

Fascism is not a geographical, racial or national phenomenon. It is political counter-revolution in a period of economic decay and disintegration and may strike in any country where there is prolonged economic crisis. Fascism is capitalism in an epoch during which the bourgeoisie can no longer satisfy the material wants and demands of the people, when the bourgeoisie democratic social services can no longer be supplied and when bourgeois civil liberties and democratic rights may serve as a weapon of the proletariat against the rule of the bourgeoisie. It is capitalism enervated but confronted by a militant, organized proletariat demanding its place in the sun and a larger portion of the wealth which it produces.

The workers of the whole world today stand in the shadow of fascism, not German fascism alone, but the potential fascization of every capitalist imperialist nation. There is a difference between the military defeat of Germany and the defeat of fascism. A military victory over Germany is not guarantee of the continuation of democracy in the victor nations. In fact, it is admitted by all but the most stubborn among the bourgeois that the *status quo ante bellum* cannot be maintained, that there must be something better, that is, a far more democratic world order.

#### Political Organization of the Workers Imperative

This is the central problem for this generation for the organized labor movement. It is a problem of political organization to stay the advance of fascism, to improve the economic standards of the working class and to deliver the proletariat finally from the grip of the imperialist exploiters, whether native or "foreign." As the primary mass organization of the proletariat it is the function of the trade unions today to transform themselves into fighting class bodies with a constant vision of society regenerated and transformed, transformed from capitalist exploitation, imperialist aggression and the danger of fascism into a world of socialist freedom, peace and security.

To carry out this task it will be necessary for the trade unions to proceed in a very practical way. On the basis of their understanding of their needs and the requirements of the period the trade unions must go into action and take the necessary concrete steps. The goal is a practical one: the transformation of the social order and the administration of the new society by the working class, that is, by the majority.

The most obvious practical step required for independent working class political action is political organization. There

can be no proletarian class political action unless there is an independent political party of that class. Labor cannot protect its class interests and enforce its political demands in the Democratic-Republican Party or in alliance with this party. Labor should know by now that the Republicans and Democrats do not and cannot in any sense whatsoever represent the trade unions and the workers. If they never learned this before, the course of the war should by now have indelibly fastened this fact in their consciousness.

The formation of a national Labor Party based on the trade union masses would be a tremendous step forward for American labor. This party should have a militant economic program and a class struggle political program. Now is the time to form such a party because it is now that labor is under the severest attack. Such a party is necessary for the protection of the interests of labor, not only right now but to plan for untoward events that may follow any peace or truce entered into by the imperialist belligerents.

The orientation of the trade union movement toward independent class struggle political action and the formation of a workers' party must be the responsibility of the leading militants in the unions, particularly the militant shop stewards and the union Marxists and revolutionaries. The trade union bureaucracy will not give attention to this task. They are too busy today supporting the war. The militants and the revolutionaries must differentiate themselves from these defenders and deputies of capitalist imperialism. The militants in direct contact with the workers can call on them to stand their ground, halt the retreat, about-face and confront the class enemy. This is the task for today and tomorrow. The militants and the revolutionaries can furthermore point out to the men and women in the shops that labor can start now to prepare for entering the 1944 elections with the first national mass Labor Party in American history.

DAVID COOLIDGE.

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# The National and Colonial Struggles

## Part One of a Resolution of the Workers Party

The Second World War is a spectacular demonstration of the decay and agony of capitalist society. Both camps tax to the utmost the genius of science, the machinery of production and distribution, and the brain and brawn of labor for the carrying on of a mutual slaughter of the peoples and the most appalling destruction of social wealth. In both camps, there is less liberty and more suffering among the peoples of the conquering as well as the conquered countries than there was more than three years ago, when the war began. The consumptive capacity of the war machine is so stupendous that even important military victories, the annexation of conquered lands and the acquisition of new material resources and numerous cheap laborers do not serve to alleviate seriously the declining standards of the conquerors. The war is already well into its fourth year, yet no responsible statesman anywhere dares utter a confident prediction of an early end to the holocaust. From Hitler is no longer heard the promise that the rich fruits of victory are soon to be plucked, but rather that he is prepared to defend himself indefinitely; from Tokyo comes the assurance of the Japanese imperialism that it will hold out even if the war lasts a century; from London comes the somber estimate, even in the face of the first moderate advances, that not even the beginning of the end is in sight, but only the end of the beginning. The rulers of the world continue to talk as if it is a matter of course that the masses will go on slaving and starving and dying, year in and year out, for decades if need be, without raising any fundamental questions about the war, much less offering resistance to its continuation.

That, however, is precisely what it is impossible to take for granted. The long night must come to an end, because even a just cause—to say nothing of the cause of the present war—could not expect from the people a continuous war effort sustained at the intense peaks of modern warfare and amidst the mounting casualties, general suffering and universal devastation. War as it is fought nowadays cannot be converted into the normal state of existence of the masses, at least not without engendering among both the most enthusiastic and the most inert sections of the people a growing spirit of resistance to the war and a struggle to bring it to an end. Popular acquiescence to war in permanence is fascist mythology, shared by more than a few imperialist democrats, and based upon the insolent fallacy that the masses are nothing but cattle.

Between the present day and the day the masses rise up against the beneficiaries of the war, a considerable period of time will in all probability elapse. How long that period of time will be depends almost directly on how soon it will be possible to reestablish an independent mass labor movement and to regroup a cohesive and substantial revolutionary vanguard. It must be bitterly but frankly acknowledged that in virtually all the belligerent countries, social reformism and Stalinism have achieved sensationally tragic successes in demoralizing and prostrating the labor and revolutionary movements; and fascism has finished off with the knife the work that they began. In a very few, but very important, belligerents (U.S.A., England, the Dominions, etc.) a tremendous

labor movement still exists, but it has been made almost wholly subservient to the imperialist bourgeoisie; as for the revolutionary vanguard movement, even in these countries, it is still insignificant, both in numbers and in influence.

### The New Problem of This Period

The primary problem, therefore, is the reorganization, the rebuilding, the strengthening of the revolutionary socialist movement (the Fourth International) so that it is in a position to assume its place as stimulator, organizer and guide of the inevitably resurgent mass movement. The problem in turn is not an administrative but a political problem. It cannot be resolved except in so far as the new existing vanguard elements, no matter how weak or dispersed, are in inseparable contact with the masses, are direct participants in the solving of *their* immediate problems, and, consequently, in so far as they adopt a policy capable of linking the struggle to solve these immediate problems with the fundamental struggle for the socialist reorganization of society. Such a policy must be based upon what is progressive in the yearnings of the masses, no matter how limited or confused they may be; it must be elaborated in such a manner as to bring about the earliest possible end to the war on a working class basis, or on a basis that will facilitate the working class conquest of power.

This being so, the most important fact to record in the world today is that the yearnings of the vast majority of the peoples of this globe may be summed up in the phrase: *national independence, national freedom from foreign rule and oppression*. What is more, to the extent that masses (that is, millions of people) are organized or are in movement or are animated by a will to struggle against reaction in a number of decisively important countries, it is not on a revolutionary proletarian basis of the struggle for socialism, but on the bourgeois-democratic basis of the struggle for national independence.

This holds for the two principal theaters of the war, Asia and Europe. What stirs the masses of the people of India, China, Burma and other Asiatic lands is a burning aspiration to be free of Japanese or British domination, to enjoy the right of self-determination, which means to them the right of self-government. But that aspiration is not confined to the traditional colonies of the Orient. It animates no less passionately the peoples of the Baltic and Balkan countries, the Poles, the Ukrainians, the Serbs, the Croats, the Slovaks, the Czechs, the Greeks, the Albanians, the French, the people of the Low Lands, the Norwegians and the Danes. To say to them that it makes no difference what the nationality is of the class that rules over them, is at the very best an abstraction. The overwhelming majority of them want *first of all* the destruction of *foreign* fascist domination, that is, of Hitler's rule. That is, like their brothers of the East, what they want first of all is national independence, national freedom, and in the struggle to achieve it millions are already prepared to organize, to fight, to make sacrifices.

However it is interpreted, however it is acted upon, this is the overwhelmingly important and obvious *fact* in the world

situation today from the standpoint of the remobilization and resurgence of the working class and revolutionary movements. A contrary opinion does not even warrant serious discussion, for the simple reason that the labor and revolutionary movements cannot possibly be reestablished without the support of precisely those forces that make up the most active elements of the actual, that is, of the national movements in most of the

countries of Europe and Asia. What does warrant discussion is an analysis of the national movements and a revolutionary socialist policy toward them. For obvious historical reasons, it is advisable to treat the problem under two separate headings, the colonial question in Asiatic countries (and kindred colonial countries) and the national question in the European countries.

## The Asiatic Colonies and the War

Revolutionary socialism supports the struggle for independence of the colonies on two main and fundamental grounds: one, because it is for the most thoroughgoing realization of democracy, one of the elementary demands of which is the right of self-determination, and therefore the right of national sovereignty, of freedom from foreign rule; and, two, because in their struggle for national independence, the colonial peoples strike a blow at imperialism, which is the main enemy of the working class and of socialism.

Socialism supports the movement for colonial independence from imperialist rule even where the movement is launched or led by the native capitalist class.

The attainment of national independence by the colonies is fundamentally a bourgeois-democratic task. But theoretical considerations, buttressed by all modern history, show that the national bourgeoisie of the colonies is incapable of fulfilling this task. This conclusion is not the product of any "sectarianism" or "dogmatism" which opportunists ascribe to the revolutionary Marxists, but flows inexorably from the inherent relationships between imperialist bourgeoisie and colonial bourgeoisie, on one hand, and the colonial bourgeoisie and the colonial proletariat and peasantry, on the other.

The economic and political relationships in the colonial countries are such that the national bourgeoisie cannot seriously hope to establish its own independent class rule at home. Unlike the young revolutionary bourgeoisie of the period of the establishment of the great national states in Europe and America, the bourgeoisie of the present colonies has appeared on the historical scene belatedly, that is, in a period that leaves no room for the development of new great expanding national states. The bourgeoisie in every colonial country is characterized by its integration with reactionary foreign imperialism, on the one side, and with the reactionary native feudal classes on the other. It serves the former as an agent, an intermediary in the exploitation of the colonial workers and peasants; it is interlinked with the latter in maintaining feudal atomization and in the super-exploitation of the peasantry. In the face of these two forces upon which it is dependent for its very existence, the colonial bourgeoisie is fundamentally incapable of leading a struggle against imperialism and feudalism, for the democratic independence of the nation.

Even though it is a compradore bourgeoisie, that is, an agency of imperialism, it does not follow that it does not covet a greater share of the wealth extracted from the masses than is allocated to it at any given time by the ruling imperialist power. In order to increase its share of economic and political power, the colonial bourgeoisie often holds up to imperialism the threat of unleashing a nationalistic mass movement. At other times, it launches a struggle against one imperialist power under the patronage of another imperialist power. At still other times it runs to the head of a genuine and spontaneous anti-imperialist mass movement and takes over the

leadership of it in order to make sure that it does not get completely out of hand by taking on a completely anti-capitalist movement.

These are the reasons why at one time or another the colonial bourgeoisie leads or seems to lead a mass struggle against imperialism, more accurately, against one imperialist power or group.

But while the national bourgeoisie can launch a struggle against imperialism, it cannot carry it through to the attainment of national independence.

The disparity in power between the advanced imperialist countries and the backward colonial countries makes it impossible even to think of any kind of struggle by the latter against the former without mobilizing vast masses of workers and peasants. To them, however, the struggle against imperialism and for national independence is inseparably bound up with the struggle for social change. To the peasant, national independence is often a vague and remote abstraction, but freedom from onerous taxes and the acquisition of land on which he can live are extremely concrete. To the worker, the struggle against imperialism is an abstraction except when linked with and concretized in his struggle for economic rights and higher economic standards against an imperialist bourgeoisie which is interlaced with the native bourgeoisie. In the case of both worker and peasant, the development of the anti-imperialist struggle leads directly to a *social* threat to the colonial bourgeoisie itself. That is why the latter unites with foreign imperialism against its own working class and peasantry at every critical stage of the struggle for national freedom.

### China's Rôle in a New Period

Living experiences have therefore dictated to Marxism the conclusion that in the colonies the struggle for national freedom cannot be conducted consistently, and certainly not victoriously, save under the leadership of the socialist proletariat supported by the peasantry.

With all this in mind, the Marxists throughout the world supported the struggle of China against imperialist Japan even though the war was conducted under the leadership of the counter-revolutionary Chinese bourgeoisie (or at least a section of it), represented by the Kuomintang and its Generalissimo, Chiang. Due to the reactionary leadership of the Kuomintang, which systematically dulled the enthusiasm of the masses by conducting the war with an eye only to the protection of the class interests of the bourgeoisie and a corresponding hostility to the class interests of the workers and peasants, the war against Japan deteriorated steadily. The principal centers of the country fell to the enemy one by one; a whole section of the Chinese bourgeoisie (led by Wang Chin-wei) capitulated outright to the Japanese; corruption, nepotism, profiteering became running sores in the camp of the Chinese

bourgeoisie; the workers and peasants, made to bear all the burdens and make all the sacrifices, succumbed increasingly to the spirit of indifference. Notwithstanding, support of China made it possible to strike a blow at an imperialist power without giving corresponding support to another imperialist power, and at the same time made possible the conversion of the war into a genuinely democratic and broad anti-imperialist mass movement. The war, on China's part, still being predominantly a war for national independence, it remained progressive and therefore warranted socialist support.

This situation changed decisively with the outbreak of the inter-imperialist war in the Pacific and on the Asiatic continent.

Under the leadership of the Chinese bourgeoisie, the national struggle became incorporated as a subordinated sector of one of the imperialist camps. The integration of the nationalist struggle into the imperialist war has been manifested in many ways. China has become an official and part of the United Nations bloc, within which it is treated by the principals of the bloc in the traditional manner of the imperialist toward the colonial underling. The strategy and tactics of the Chinese is now decided by the big imperialist rulers of the bloc, and Chungking conforms to these decisions obediently, if with frequent muttered criticisms which only underline its impotence as an independent factor in the war in the Orient. The strategy and tactics of the Allies in the East are decided exclusively on the basis of the needs and interests of Anglo-American imperialism; the allocation of materials to China is decided on the same basis and in a manner calculated to show the most obtuse that the Chinese bourgeoisie is allowed to breathe or move only at the discretion of the imperialists; and, what is most important, the Chinese bourgeoisie, despite all its appeals to Washington and London for a change in course that would strengthen its own national position, takes absolutely no *action* in disobedience to the political and military dictates of Anglo-American imperialism, nor can it take any such action, given the very nature of its relationship to imperialism.

The nature of this relationship is that the colonial bourgeoisie is incapable of conducting a struggle against *imperialism*, but at most only a struggle against this or that imperialist power. Even such a struggle involves a greater or lesser degree of dependency upon a rival imperialist power. In spite of this ever-present dependency, the revolutionists in the past supported the war conducted by the colonial bourgeoisie against Japan because every victory of the Chinese bourgeois army advanced the cause of Chinese national independence another step, and by that token advanced the class interests of the Chinese proletariat, by increasing its self-confidence (that is, confidence in its ability to dispose of *any* exploiter and oppressor) and in general by widening the national arena for the decisive class struggle. Under these conditions, any weakening of Japanese imperialism was not accompanied by a corresponding strengthening of a rival imperialism. If, for example, Anglo-American imperialism had advanced in the Orient to exactly or substantially the same degree that Japanese imperialism was driven back, the Chinese war would have been essentially a pro-imperialist struggle with no progressive significance. Consequently, socialist support of this war would have meant, regardless of intentions, a policy of social-imperialism.

### **What the Colonial Bourgeoisie Cannot Do**

Because the colonial bourgeoisie cannot conduct a war against imperialism, the spread of an inter-imperialist war to

its field of action brings it inescapably into the camp of one of the imperialist powers. It is the crassest self-deception, and in most cases willful deception of others, to declare that the Chinese bourgeoisie is now playing an independent rôle (to say nothing of an "increasingly" independent rôle!) in the conditions of the present imperialist conflict in Asia. To play an independent rôle in these conditions, the bourgeoisie would have to have *essentially* the same attitude toward both imperialist camps, the one which it is combatting directly and one which threatens it in the form of any "ally." It *cannot* adopt such an attitude, for to maintain it would require such a mobilization of the social appetites and ambitions of the workers and peasants as would immediately threaten the fundamental *class* position of the colonial bourgeoisie. This is the basic, determining reason why the colonial bourgeoisie becomes a subordinate, integral part of one imperialist camp against the other as soon as war between the two breaks out in its country.

The national struggle of the bourgeoisie, being thus swallowed up in the imperialist struggle, loses its progressive significance. This theoretical generalization is based upon and repeatedly confirmed by concrete events. That is why Lenin declared so categorically, unambiguously, "dogmatically," during the First World War, that a war in alliance with imperialism is an imperialist war, even if the alliance is made by a non-imperialist country which, by itself, so to speak, is fighting a just war of national defense. It is easy to verify over again this "dogmatic" declaration in the Second World War, and specifically, in the Asiatic countries.

To support China now—now that the war between the two big imperialist powers dominates the situation in the Pacific and on the continent—means to aid and abet one of these imperialist powers, and thereby to surrender not only the internationalist struggle for a socialist peace and socialist power, but any effective struggle for the national independence of the colonies.

Every blow inflicted upon Japanese imperialism by the "Chinese forces" *now*, does not promote the cause of Chinese national independence but results rather in a corresponding strengthening of the influence and power of Anglo-American imperialism. To think in terms of a Sino-Japanese war parallel to but separate and independent from the Allied-Japanese war, as the Cannonites do, is to think in terms of military and political fantasmagoria. For example, to rid Burma of the Japanese overlord does not mean a strengthening of the independent position of China "because the Burma Road will be reopened," much less a strengthening of the non-existent independent position of Burma; it means primarily and above all a strengthening of Anglo-American imperialism as against Japanese imperialism, *as well as against the national interests of Burma, of China and of India!* (Similarly, in the reverse case, when Burma was rid of the British overlord by the Japanese invasion, assisted by bourgeois-nationalists, it was only Japanese imperialism that was strengthened, not only at the expense of its imperialist rivals, but at the expense of the national interests of Burma, China and India.)

Furthermore, where formerly an advance by China against Japan meant heightening the national ("anti-imperialist") and class consciousness and self-confidence of the masses, particularly the workers, this is now no longer the case. Victories attained against British imperialism in Burma under the domination of Japanese imperialism could (and did) have only the effect of dulling the progressive national consciousness of the masses and of replacing their self-confidence by delusive

confidence in the Japanese imperialist "benefactor." To a lesser, but not fundamentally different extent, the same now holds for China. Victories now attained against Japan enhance primarily the strength of the rival imperialism. They do not give the Chinese masses confidence in themselves, but tend to create among them a confidence in the benevolence and power of American imperialism; they do not free the people of the spell of imperialism, but create and nurture illusions about it.

This does not mean that the cause of national independence in the colonies is doomed, nor that it has ceased to be progressive. It means only that under the conditions of the dominating inter-imperialist war, the colonial bourgeoisie cannot lead the struggle for national independence—except into the camp of the imperialist war itself. The national struggle in the colonies remains a progressive struggle. The masses of the workers and peasants long just as passionately as ever for the liberation of their land from foreign imperialist domination, for the carrying out of the tasks of the democratic revolution. Their longing is a just one, a progressive and revolutionary one, one that conforms to the socialist interests of the world proletariat.

### **The Revolutionary Position for the Colonies**

The problem is: How is the progressive national struggle of the colonies, of a country like China (or Burma), to be freed from the hand of imperialism which now controls it and directs it in its own interests? How is the national struggle to be made genuinely independent instead of a tool in the hands of one or another imperialist power to which the colonial bourgeoisie has allied (and therefore subordinated) it?

If, as the Fourth International has always insisted, the proletariat of the colonies, no matter how small or weak, must at all costs maintain its political independence in the national struggle, the question arises: What independent program, what independent demand, must the colonial proletariat put forward in a country like China today with regard to the alliance that the ruling bourgeoisie has made with the imperialists? Shall the Chinese proletariat confine itself to glittering generalities and abstractions about the admissibility "in principle" of "an" alliance with imperialism, as is advocated by shamefaced opportunists who seek as always to evade an answer to the concrete question? Or shall it declare that the alliance made by the Chinese bourgeoisie with the Allied masters is an imperialist alliance, is a reactionary alliance, is a betrayal of the struggle for national independence? That is the question, and it is impossible to evade it.

There can be only one answer, and in this answer is contained the key to the problem of the colonial struggle amidst the conditions of the present imperialist war in the East. The colonial proletariat, and above all the revolutionary vanguard, must persistently and patiently declare: "Our bourgeoisie has concluded a reactionary, imperialist alliance with one set of the enemies of the colonial peoples. Our strength, our will to struggle, are being subverted to the interests of an inter-imperialist struggle. To gain our national independence, we must abrogate the secret agreements with imperialism, we must break off all imperialist alliances. We must make an alliance instead with the anti-imperialist masses of the other oppressed countries of the East, primarily of India, Burma and Indo-China. Only in that way can we resume the struggle for national independence which the bourgeoisie has betrayed. But to do this, we must overthrow the bourgeoisie and establish the democratic rule of the workers and peasants. Once

that is done, we can decide for ourselves what *practical* agreements we can and will enter into with this or that imperialist power in the struggle against another power. We can then decide how to maneuver between rival imperialisms, how to utilize their differences and difficulties for our own benefit, but without making an *alliance* with one of them against the other."

Such a declaration, the only one corresponding to the national interests of the colony and the socialist interests of the proletariat, is equivalent to the following basic political conclusion: Under the conditions of the imperialist war in the East, the only class capable of re-launching the war for national independence of the colonies is the proletariat. Under the leadership of the bourgeoisie, the national struggle is brought inevitably into one or another of the warring imperialist alliances. This was already amply clear during the First World War. It has been confirmed again and again by the events in the Philippines, in Indo-China and Malaya, in Eastern and Western China, in Burma, and is being confirmed currently in India.

### **The Situation in India**

The native ruling classes of India are much more divided than, for example, the ruling classes of China. The feudal and semi-feudal princes and kindred elements are ardent supporters of British imperialism, which is their patron in the plundering of their subjects. Whole sections of the Moslem bourgeois and landlord classes take substantially the same servile position toward British imperialism as do the princes of the Indian states. The same holds true of wide sections (exactly how strong and representative they are is difficult to see through the veil of the censorship) of the Hindu bourgeoisie (Rajagopalachari and his group). There is no doubt, too, that a section of the Indian bourgeoisie is playing with the idea of selling its services to Japanese imperialism instead of British. How strong this group is, is especially difficult to say, under the circumstances, but it probably rises and falls with the changes in the military fortunes of the contending imperialist camps.

In the period of the sensational advances of the Japanese, when the position of British imperialism in the East was especially precarious, the Indian bourgeoisie, as represented by the ideologists and politicians of the Indian Congress Party, became emboldened and made demands upon the British for a greater share of the political and economic power in the country. These demands were made under the pressure of the impatient and aggressive masses, on the one hand, and under the pressure of the increasingly acute war situation, on the other.

As for the masses, the Gandhi leadership was able to appease them to a certain extent by its demands for concessions from London, without at the same time taking the responsibility or the risk of organizing a militant mass movement whose action could have obtained in a trice what Gandhi has vainly negotiated over for years. The arrest of the Congress leadership absolved them of the responsibility for giving aggressive direction to the millions who promptly responded to the mealy-mouthed and half-hearted Congress call for "non-coöperation."

As for the war situation, the position taken by Gandhi was a compromise calculated to serve as a bridge to whatever road the fortunes of the war would take—victories for the British or victories for the Japanese. That is why at one and the same time he held out an olive branch to the British, with his

assurance that he does not demand the withdrawal of British troops, and an olive branch to the Japanese, with his assurance that he would seek to negotiate with Tokyo for peace. Thereby, Gandhi and at least a section of the Indian bourgeoisie hopes to protect itself against the eventuality of either British or Japanese victory.

Meanwhile, as the war draws closer to India, the political leadership of the bourgeois Congress Party has left the spontaneous mass movement of the workers and peasants completely in the lurch, giving it directives only to the extent that this leadership feels the need of curbing the "excesses" of the masses, of keeping them dispersed and de-centralized. The idea that the Indian bourgeoisie is conducting "more" of a struggle against imperialism than the Chinese bourgeoisie, is utterly absurd and unreal. The Indian bourgeoisie has not even begun to carry on the organized, centralized, continuous armed struggle for national freedom against its main imperialist enemy that the Chinese bourgeoisie carried on for years, in its own way, against Japan.

As the decisive battles between the imperialist rivals approach, the Indian bourgeoisie thinks less and less, if at all, in terms of the alternative: We shall rule an independent India or the British will rule the Raj. It thinks rather in these terms: the British will rule India or the Japanese will rule it. Which is more likely to win the war? That is, to which side shall it commit itself. Those who lean to the conviction that the Axis will triumph, calculate on the advantages they can gain for themselves by utilizing the inner-Axis rivalry between Japan and Germany. Those who are convinced that the Allies will win seek to advance their position by exploiting the rivalry between British and American imperialism.

That this Indian bourgeoisie will launch a serious mass movement of struggle against the ruling imperialist power, is, at the best, to ascribe to it powers and virtues that it simply does not possess. If it does launch such a struggle during the war, it will not be a struggle for the national independence of India, but an auxiliary to what it considers a surely victorious military advance of Japanese imperialism.

### **The Imperialist Struggle Over India**

In India now, the organization and consolidation of a serious mass movement against imperialist rule, that is, the re-launching of the popular movement for national independence, is a task that can be performed only by the proletariat. It goes without saying that the proletariat, especially its revolutionary vanguard, supports every spontaneous or organized movement of the masses, no matter how isolated, no matter how limited its anti-imperialist or anti-capitalist or anti-landlord objective, no matter what the formal or ostensible auspices may be under which it proceeds. But it is aware that such movements can attain real significance and effectiveness only to the extent that the masses are separated from the influence of bourgeois-nationalist ideology, and separated politically and organizationally from the influence and leadership of the bourgeois parties (Congress Party, Moslem League, etc.). The proletarian task in India is not to call upon the masses to "support the struggle (?) of the Congress Party," or as other opportunists put it more crassly, "support the Congress Party," but to call upon the workers and peasants to *march separately* from the bourgeoisie and its parties even in those cases where it is possible to "strike together." This deserves all the greater emphasis at the present time, when the Indian bourgeoisie is in actuality *not* carrying on a struggle against British imperialism, and is leaving the "leadership" of the widespread

popular movement in the hands of isolated, uncentralized, powerless petty bourgeois ideologists and intellectuals.

The absorption of the colonial bourgeoisie by the imperialist war camps, and their consequent desertion of the national struggle for independence does not signify the end of such struggles or a diminution of their importance in the following period. The mounting war burdens, especially onerous in the already impoverished colonial countries, will weigh intolerably on the shoulders of the workers and peasants. The masses who were in a state of turbulence and resistance during the period of "normal" imperialist exploitation, will not suddenly become docile and reconciled to their fate when their sufferings are multiplied by the conditions of the imperialist war from which they, less than any one else, have anything to gain. Their resistance to the burdens of the war, their opposition to the continuation of the war, will necessarily take the form of a struggle for national independence, for the right of self-determination, which in the concrete circumstances includes the "right to withdraw" from the war. The slogans of national independence in the colonial countries of the East will thus acquire even greater power in the course of the imperialist war than they had before it. The right to determine freely the conditions of their existence, that is, national independence, will become increasingly linked in the mind of the colonial masses, as it is inseparably linked in reality, with the struggle against the cruelly devastating imperialist war. The struggle for national independence, it will be increasingly plain to the masses, is the pre-condition for a termination of the imperialist war. At the same time, a struggle against the imperialist war is the only way in which to achieve national independence.

As this simple idea is assimilated by the colonial masses, they will also learn that their national bourgeoisie can and will no more withdraw from their service to foreign imperialism in the war than they can or will fight to a finish for national freedom. The masses will find themselves compelled to turn to the leadership of that class—the proletariat—which alone is capable of attaining the two objectives which the spread of the war has united into one, namely, a democratic peace and national independence. Revolutionary proletarian leadership of the national struggle in the colonies means, however, that objectively the struggle for proletarian power, the solving of the democratic national tasks and the laying of the foundations of a socialist society under one and the same class rule, the revolution in permanence. Thus is the struggle for national freedom, for genuine democracy, for peace, and for socialism linked together in inseparable concatenation, to be victoriously achieved under the leadership of the only consistently progressive class in modern society, the proletariat. Thus does the struggle for national independence in the colonies acquire new and heightened significance in the midst of the imperialist World War and become an even more powerful element in the fundamental struggle for a new world social order.

[To Be Continued]

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## **THE NEW INTERNATIONAL**

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### **THE NEW INTERNATIONAL**

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# World Politics and North Africa

## The Conflicts in the Allied Camp

The major preliminary consideration to an understanding of the significance of the North Africa affair is to establish the deliberateness, the premeditated character of the behavior of the Allied forces. This we must do in order to dispel the last fluttering illusions of those pathetic few who still wish to believe that the entire affair was accidental, the work of a politically naïve general, the result of some unique situation; and also in order to make clear that this situation is part of a general political tendency.

And, despite the presence of the armies of the Four Freedoms, the Darlan régime was in no hurry to release the thousands of political prisoners rotting in their jails even though, in the words of the *New York World-Telegram* reporter, Ernie Pyle, writing from North Africa, "we have left in office most of the small-fry officials put there by the Germans before we came. We are permitting fascist societies to continue to exist. . . . Our policy is still appeasement."

It was only after the assassination of Darlan and Giraud's assumption of power that there was some response to Roosevelt's embarrassed statement urging freeing of political prisoners. For it was obvious from his statement that he considered the American policy in North Africa to be premeditated, deliberate and couldn't see that there was any moral or political duplicity involved. He boasted that America had maintained diplomatic relations with Vichy in order to keep a spy system both in France and North Africa. He did not bother to answer the question, however, of why it was necessary to keep spies in France and North Africa if his appeasement policy was so effective that it could win over the Darlanists to the Allied side without a struggle. Or perhaps he was merely being reticent about the fact that, in imperialist diplomatic relations, it is almost as wise to spy on one's partners as on one's enemies.

After this one outburst of gleeful spite in which Hull took revenge on the liberal critics of his State Department, he never had another word to say. And those newspapers—especially the Hearst and Scripps-Howard chains—which seized upon his statement as grist for their editorial mills, also lapsed into silence. For it was the anxious policy of the Roosevelt Administration to make it appear as much as possible that the deal was not premeditated, that it had not been carefully worked out in the State Department, that it was a "temporary military expedient," as President Roosevelt said, based upon immediate military necessity and made at the spur of the moment by the military leader in charge of the expedition, General Eisenhower. It was for this reason of basic policy that all the publicity which had been begun in the press glorifying the rôle of Robert Murphy, FDR's representative in North Africa, was suddenly stopped. For it is clear that the fact that Murphy had been in North Africa, haggling with the French fascists and preparing the groundwork for the deal, was but another proof of the invalidity of the Roosevelt attempt to disclaim responsibility.

Even this disclaimer of responsibility, however, was worded in typically ambiguous Roosevelt fashion. After all, what does "temporary expedient" mean? Does it mean that Darlan was

to rule until the North African campaign was over? Or does it mean that he was to rule until the war was over and thereby be entitled to sit at the peace table at which Henry Wallace's brave new (airplane protected) world was to be constructed? The latter interpretation was apparently adopted by Darlan himself, who hinted that he expected to remain in power until the French people had an opportunity to democratically choose their own government. In other words, he was to be the dictator until a democracy would somehow be established in the vague and indefinite future.

Roosevelt was here playing a diabolically clever game. He knew of and had in advance approved the Darlan deal, but in order to maintain his liberal and labor support at home he was placing the responsibility upon the unfortunate General Eisenhower, who, it was obvious enough, was hardly the person who could either conceive or execute this masterful piece of diplomatic intrigue.

Even if there were not testimony to the contrary, even if every newspaper man were sufficiently discreet to keep his mouth shut, even then it would be clear that by the very nature of the circumstances the deal was worked out in Washington, it was the handiwork of the Administration. But there is a remarkable bit of testimony which buttresses this contention. This testimony is an article which the head of the Washington bureau of the *New York Times* wrote in that paper on January 3. With callous frankness he therein revealed the major motives and mechanisms of the Darlan deal. This article deserves extensive quotation: "When General Eisenhower landed in North Africa he had two sets of orders, with the privilege of using that which seemed more likely to further his objective. One was to set up a military government and break the chain of French sovereignty (on this latter sentence, more later.—R. F.). He chose the other—to leave civil government to constituted authorities." It is clear from the above that Eisenhower was given two sets of orders, but that both of them were variants of action within the general framework of the idea that a deal was to be worked out with Darlan and the other Pétainists.

### The Meaning of the Deal

Why the deal? Certain military reasons are obvious enough. It made possible a rapid advance for the British and the green American troops. It brought forces of some importance to the Allied side. Behind these motives was the political attitude that what counted was guns and not ideas, that it mattered not if one's partners were democrats or fascists so long as they shot in the same direction; the political attitude that is demonstrated in the report of *Newsweek* magazine's Washington correspondent who quoted an anonymous high official of the State Department as saying that if Goering brought enough airplanes with him he too might be welcome on the side of the Allies, who were, it is well known, fighting for the Four Freedoms.

But in addition to these military reasons there was one political reason for the deal which is of extraordinary importance and which is revealed in the article by Arthur Krock

referred to above. Krock reports that a basic motive which the Allies had in making the deal with Darlan was a desire for continuity of civil government in North Africa. "If," he tells us, "North Africa had been formally occupied by the United Nations, with military government superseding civil (as necessarily it would), then the continuity of French sovereignty would have been suspended and interrupted. The claims of the native irredentists would attain a legal validity which otherwise they could not, and a most vexatious problem would afflict the peace conference, as well as a threat of valuable loss of territory to post-war France and disturbances in the Moslem world.

"It was to avoid the rise of such a situation that General Eisenhower was instructed to seek, and found, a legitimist government in North Africa with which, through the offices of the late Admiral Darlan, he was able to collaborate. That legitimacy has now passed to General Giraud. . . ."

It is impossible to be more frank. Roosevelt was interested in preserving the integrity and continuation of the French Empire; he feared that the abolition of the prevailing colonial governments would put ideas into the heads of the native Moslems; and therefore he was ready to collaborate with Darlan, yesterday's partner of Hitler, in order to preserve the imperialist *status quo* in North Africa.

Krock doesn't hesitate to admit that "previously the French forcibly took away those very freedoms from the natives of North Africa. . . . A historian of French expansion in Africa had said that 'it had to be wrested from the natives, literally yard by yard.' And there are native irredentists in those lands whose aspirations have been stimulated by the advent of war and the war-induced collapse of French metropolitan power.

Therefore, if, during the peace conferences that will begin with a long armistice—assuming the victory of the United Nations—native majority elements demand the restoration of their sovereign rights and self-government, an issue might be presented under the Atlantic Charter that would greatly embarrass the peace-makers of Great Britain and the United States.

"Should such a demand be made, and get the support of the Moslem world to which the vast majority of the North African natives belong, embarrassment might develop into the threat of a holy war, with the green flag of Islam raised on both sides of the strategic Mediterranean."

These remarkable paragraphs underline with great clarity the predatory character of the war in general and the North African campaign in particular. Rather than face the possibility of a wave of movements for national independence in North Africa, rather than face the possibility of the disintegration of the French Empire (which, remember, might some day be useful to the United States as a counterweight to the British Empire!) the Roosevelt government chose to deal with Darlan.

### **Problem of Native Rebellion**

Nor is Krock the only journalist who attributes a good part of the deal with Darlan to a fear of possible native uprisings. William Phillip Simms, foreign editor of the Scripps-Howard chain, says much the same in a dispatch of January 6. And Edward Bing, in an interesting article in the *American Mercury*, gives many details on the antagonism which exists in the Arab world toward the Allied imperialists. It is

this situation which makes comprehensible the military raid, reported in the *New York Times* of November 16 by Frank Kluckhohn, launched by American troops against an Arab village near Oran whose purpose was to disarm the Arabs "who had been picking them (guns) up in the confusion around the recent battlefields."

Once the deal had been effected, the Darlanists continued to rule the colonies in practically the same fashion as they had before the Allied invasion. In his statement, Darlan declared that all those anti-Jewish decrees which had been put into effect as a result of the pressure of the Nazis (notice the "clever" ambiguity in this formulation) would be abolished. Yet two weeks after the invasion it was still possible for the military district of Oran, acting under the orders of Admiral Darlan, to publish a decree for military mobilization in the *Oran Republican* which specifically ordered Jews to report to a separate mobilization center, the Camp de Bedeau, and continuously referred to them as a separate, segregated category.

When the invasion of North Africa was announced and the news of the Darlan deal subsequently broken, the first authoritative comment from American governmental sources came from Secretary of State Hull. With great glee he pointed to the Darlan deal and the ease with which the Allied troops took over the North African ports as proof of the correctness of his policy of placating, or, as the liberals put it, "appeasing" Vichy. Hull, however, spoke too soon and said too much. This referred to the promise on New Year's Day by General Giraud that some political prisoners would be released, mainly Communists (Stalinists who could be handy here also). But, wrote David Brown, Reuter's correspondent, on January 4: "None has been released yet." And even this *promise* of release for some prisoners was conditioned by the Giraud statement that "We are prepared to release all those who give an understanding not to engage in political activity until after the war. We are not asking anyone to abandon political beliefs, but they must understand that they must restrain themselves while we are at war." In other words, only those political prisoners would be released who would promise to make a yellow-dog pledge to keep their mouths shut and not to criticize or indulge in political activity. Even Hitler has released political prisoners at this price.

But the unfortunate forgotten men of the Spanish Civil War, the Loyalists and International Brigaders, were not to be released under any conditions, since that was "impractical." To this day they, as well as thousands of French prisoners, continue to suffer in the prisons of Darlan-Giraud, while Henry Wallace continues to make speeches about freedom for this world being indivisible.

The picture of the internal régime of North Africa after the Allied invasion is completed by the statement of Darlan that it would not be necessary to revoke the anti-union legislation of Vichy, since the lack of industrialization in North Africa precluded the existence of any large proletariat and therefore there was no need for trade unions.

Was it any wonder that all the political gangsters of French capitalism began to gravitate around French Africa? Darlan, besides having a life-long record as a reactionary, had been the most active and vocal exponent, with the exception of Laval and Doriot, of collaboration with the Nazis. On March 8, 1941, the *New York Times* had announced: "Darlan Lays Basis of Collaboration. Reaches Agreement in Paris for Nazi Participation in French Key Industries."



## Darlan's Bourgeois Backers

But Darlan was not an independent agent. Though he had built up a personal bureaucracy in the French Navy for a period of years, he had been acting, in recent years, as an agent of a certain powerful group within the French capitalist class. Darlan has been closely connected with the group which is based on the Banque Worms and the Banque d'Indochine with which are connected the French steel and iron industries, through the Comité des Forges. These French capitalists, once the defeat of France was obvious, decided to play a cautious rôle of see-sawing between the Axis and the Allies. Those journalists (such as Paul Winkler in *The Nation* of December 26, who gives much valuable information about this group) who believe that they acted out of an ideological affinity for Nazism are of course mistaken. They were trying to rescue what they could of their capitalist holdings and imperialist possessions and they therefore proceeded, through their agents such as Paul Baudoin, first Foreign Minister of Vichy and a power in the Banque d'Indochine; Pierre Flandin, attorney for the Comité des Forges, and Pierre Pucheu, once Pétain's Minister of the Interior and also manager of the Franco-German Siderurgical Office (an organization to effect collaboration in the steel and iron industries)—they proceeded to effect a partial collaboration with the Nazis in order to hold on to what they had, but they deliberately refrained from the outright collaborationist policies of Déat and Doriot because they wanted to keep at least partially clear the road back to the Allies in case it proved profitable to retrace their steps. And so it did. That was why Darlan refused to give the French Navy to Hitler; it was the last bargaining weapon in the hands of the French bourgeoisie.

Now that the Allies have entered North Africa, many of these political servants of French capitalism, such as Flandin and Peyrouton, are reported trying to wriggle their filthy fingers into the pie. Others are still waiting to see what the outcome of the North African battle will be. But it cannot be doubted that with the invasion of North Africa, the Allies have won the allegiance of a considerable section of the atomized French capitalist class, as well as of their political hirelings.

The men who figure most prominently in the news from North Africa today have a certain independent status and power as colonial governors but their powers are essentially subordinate. Generals Nogues, Boisson, Juin and the rest of that gang are now hesitantly and unenthusiastically lining up with the Allies; they have little choice about the matter; but they still are not sure which way the wind is blowing and they are getting tired of picking the wrong horse. Nor is their enthusiasm for their new allies increased by the reports of the popular indignation existing in Britain and America against their continued rule.

For, once the consolidation of the Allied forces had taken place, Darlan as an individual and the Darlanists as a group were of little use to the Allies. Roosevelt still wanted the stable and continuous government in French Africa of which Arthur Krock wrote, but it would be better for him if less openly pro-Vichy leaders were in charge. President Roosevelt immediately expressed his indignation at the "cold-blooded murder" of Darlan. Yet it cannot be denied that objectively the murder of Darlan was of benefit to the Allied cause since it removed—one might almost say, painlessly—the most provoking symbol of Vichyism while allowing the Darlanist generals to retain control.

In his place steps Giraud. A great myth has been woven around this general: the simple, patriotic soldier without political interests or opinions who fights only for his country. The fact of the matter is that Giraud is a reactionary of long standing, that he was several times in danger of removal from his military post during the Daladier régime of 1935 because of his outspoken attacks on the republic. In contrast to others, he was always pro-British and pro-American. But he is ready to take in all French political factions, Vichyites and de Gaullists, and no questions asked about embarrassing pasts.

The situation at present is not entirely satisfactory for the American government. The conflict between de Gaulle and Giraud, or at least their inability to reach an agreement, makes difficult the establishment of a "stable" government behind the North African lines. It is this which leads Raymond Daniel, London correspondent of the *New York Times*, to write that "The belief is growing in certain circles here that, failing that happy solution (a rapprochement between de Gaulle and Giraud—R. F.) sooner or later the civil administration will be taken over by the United States or by some Allied body in which the French may be represented by Marcel Peyrouton, former Vichy Minister of the Interior."

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## State Department Versus Liberals

A few words of conclusion need to be said, even though the facts as recorded above speak for themselves. The major conclusion to be reached is that the Roosevelt Administration has finally decided upon the kind of war it wants to fight. For some time now, there have been two conflicting groups within the Administration with sharply different points of view as to how to conduct the war. One group, centered around Secretary of Commerce Jesse Jones, the War and Navy Departments, the party leaders in Congress and the dollar-a-year men in the production boards, has insisted that the war be fought along strictly old-fashioned, conservative lines—that is, by the accumulation of military power, by the attempted annihilation of the enemy and then by the imposition of the most severe peace terms possible. These spokesmen for an outright imperialist policy see little need for the conducting of what the New Dealers like to call "political" or "psychological" warfare; they are ready to consent to deals and intrigues, but that is all.

The second group, centered around Vice-President Wallace, the younger New Dealers and a very few congressmen, have adopted a much watered version of Harold Laski's already watered concept of "war by revolution." Laski had advanced the thesis that it was necessary to continue social reforms at home in order to convince the masses of the enemy countries *by example* and that it was necessary to attempt to win the German and Italian masses to the Allied camp by continuous political propaganda.

The Wallace group, with its talk of a "people's war," has attempted to apply the most innocuous parts of Laski's theory to this country. At the time when American military fortunes were faring most poorly, their theories were most popular. Now, however, it is clear that the Roosevelt Administration has made its decisive choice. While Wallace will continue to make speeches about the "people's century," the war is to be conducted as a conservative war of big business. Big business is firmly entrenched in the Washington saddle; it has complete control of the war production program. And the North African affair is merely the external counterpart of the con-

tinued trend toward reaction in the internal affairs of the nation. Roosevelt has discovered the obvious: an imperialist war can be conducted only by imperialist means.

This trend, we believe, will become clearer as the war progresses. The New Deal has been completely shunted aside. It is not accidental that Wallace and his friends never say anything publicly about the North African affair. For with the Darlan deal, Roosevelt made clear that he was conducting the same old kind of war—and it was the involuntary recognition of this fact which terrorized so many of the liberals.

The effects of the Darlan deal with regard to European problems are also becoming clearer. It is apparent that America is cannily preparing for the post-war struggle by attempting to build up France as a counterweight to Britain, just as Britain built up Germany after the last war as a counterweight against France. The British realize as much and that is why they keep a bitter silence and continue to support the monarchist de Gaulle (who, in this strange political intrigue, poses as the "left wing" of the French refugee politicians!) against the American-butressed Giraud. Thus, the British periodical, *Time and Tide*, speaks of Prime Minister Churchill's silence as being more eloquent than words, and says that "no one will mistake this silence at this crisis." And it speaks of the mission of Harold Macmillan to North Africa with the assumption that he will be a minority of one against Murphy

and Eisenhower. The British are definitely unhappy about the whole situation.

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A few words need be said about the sad plight of the American liberals. They, who in debates with the radicals always prided themselves upon being "practical" men, are now forced into the position of falling back upon vague generalities about morality paying in the long run, even if Roosevelt profited most with his policy in the short run. That is the plaintive cry running through the pages of *The Nation* and the *New Republic*. But the supporters of the Darlan deal have a powerful answer. Would you have us stand by general principles, refuse to deal with Darlan and thereby needly sacrifice thousands of American lives in a campaign against the French in North Africa? What reply can the liberals make? They are supporting an imperialist war and they cavil against imperialist methods. From the point of view of American military interests, the Darlan deal was a brilliant stroke. The liberals, being both "men of principle" and "humanitarians," are caught in an impossible dilemma.

From the point of view of the revolutionary socialists, however, the situation is perfectly clear. The Darlan deal underlines the true character of the war: it is but another dramatic incident which must serve to teach the masses of the world the need for a socialist solution.

R. FAHAN.

# An Analysis of Russian Economy

## The Second of Three Articles

### B—"Socialist Accumulation"

"Upon what meat hath this our Cæsar fed  
That he has grown so great?"

Shakespeare: *Julius Cæsar*.

The manner of swelling the State Treasury appeared in an innocent enough guise. On December 5, 1929, the Central Committee of the RCP passed the following resolution: "To instruct the Peoples Commissariat of Finance and Supreme Council of National Economy to draw up a system of taxation and government enterprises on the principle of a single tax on profits."\*\*

"The single tax on profits" turned out to have two sections: (1) a tax on profits which comprised 9-12 per cent of the state budget and (2) a turnover tax which comprised 60-80 per cent of the state budget. It is the latter tax which is crucial—sufficient to finance all industrialization and militarization. Let us examine it in detail.

#### I—The "Socialized" State Budget, or Turnover

The turnover tax is a tax applied to all commodities at the point of production or immediately upon acquisition of the goods by the wholesaler. The wholesaler pays the tax direct to the State Treasury before selling goods to the retailer, who, in turn, pays the tax before selling it to the consumers. However, there is absolutely no doubt that the burden of the

tax is passed on to the consumer masses since the law obliges the retailer to include the tax in the sales price of the commodities.

Contrary to the usual sales tax, which is a fixed percentage of the base price of the commodity, the turnover tax is a fixed percentage of the total sales value of merchandise, including the amount of tax. This means that whereas a 90 per cent sales tax raises the price of merchandise 90 per cent, a 90 per cent turnover tax increases the sales price *tenfold*. Here is how the turnover tax affects the sales price in various instances:

With a tax of 20 per cent, the price increases by 25 per cent.  
With a tax of 40 per cent, the price increases by 66.7 per cent.  
With a tax of 50 per cent, the price increases two-fold.  
With a tax of 75 per cent, the price increases four-fold.

To get the full significance of the turnover tax, as contrasted with an ordinary sales tax, we need to consider how it affects a single commodity. Let us take bread—the staff of life of the masses—upon which the tax is 75 per cent. This means that the proletarian, in paying a ruble for his kilo of black bread, pays 25 kopeks for the actual cost of the bread, including production, distribution, transportation and delivery, and 75 kopeks of that ruble goes to the state as turnover tax.

The tax is very unevenly spread, falling light on means of production and heavy on articles of mass consumption, which are the very "meat" of the tax. The tax on essential products of heavy industry seldom goes as high as 10 per cent. Contrast this with the average rate of 82.8 per cent on agricultural products and recall that a turnover tax of that percentage will increase the sales price nearly sixfold! On food industries the average rate of turnover tax is 50 per cent and

\*\*Along with all other "original documents," this bill of goods was passed on to the Webbs at face value, with the result that in their 1,100 pages on *Soviet Communism* the Webbs find room for but one sentence on the tax, reading: "The principal (tax) is a tax on the output or turnover of all industrial enterprises of any magnitude which are now all state-owned." How the State Budget can keep on expanding from taxing its own state-owned enterprises, instead of the "non-state-owned" masses, the Webbs fail to explain.

doubles the cost to the masses—and on spirits the rate of tax is 82.1 per cent! The tax on light industry is 20.3 per cent. If we once again take individual commodities, the disparity is even more shocking. The tax on coal is .05 per cent and on machinery 1 per cent. But on textiles it is 25 per cent, thus increasing the cost of clothing one-third. Moreover, the tax on light industry is not without its fine discriminations: while women of the “intelligentsia” are taxed 68 per cent for their perfume, the peasant woman is taxed 88 per cent for her kerosene. The Stakhanovite pays 21-37 per cent of the price of her silk garment in the form of turnover tax but the working class woman pays a tax of 48 per cent on her calico!

Biggest of all taxes is the turnover tax on bread and agricultural produce. When the turnover tax was first introduced in 1930, a considerable increase in the state revenue immediately resulted. But it emerged as nothing short of a “socialist victory” in 1935 when rationing was abolished\* and the price of foodstuffs leaped up. Thus the turnover tax from all agricultural produce sold to the population rose from 4,340 billion rubles in 1930 to 24 billion rubles in 1935.<sup>(11)</sup> By 1940 it was 35 billion, or 20 per cent of the entire budget!

Marx once said that “The only part of the so-called national wealth that actually enters into the collective possessions of modern peoples is their national debt.” Never was this truer than in the case of Russia, where the whole cost of industrialization and militarization has been borne by the people through that ingenious scheme known as the turnover tax, which provided 79 per cent of the total state revenue in 1937. Of the 178 billion rubles in the state budget in 1940, 106 billions came from the turnover tax—a “socialized” form indeed of financing the Plans! The “national wealth” grew from 19 billion rubles in 1931 to 178 billion in 1940\*; the per capita national income increased from 52 rubles in 1928 to 198 in 1937. But the real wages of the proletariat decreased to half of what they were in 1928!\*\*\*

## II—Fight for Profit, or the Modus Operandi of a Soviet Undertaking

On June 30, 1935, *Izvestia* proclaimed: “Ahead of us are struggles for profit, for elimination of subsidies.” Thereafter steps were taken to create a private incentive for making a profit and achieving industry’s capacity to avoid complete state subsidization. By April 19, 1936, a decree established what was known as a directors’ fund, to be at the disposal of the management and to provide for paying premiums to the administrative staff and workers. It is a secret to no one that these funds are used mainly as premiums for directors and Stakhanovites and not for rank and file workers. This fund is made up of 4 per cent of the “planned profits” plus 50 per cent of profits achieved by the enterprise in excess of those planned for it by the state. But how are profits planned and how is it possible to have, besides, “surplus” profits? We can find the answer if we examine the *modus operandi* of a Soviet enterprise.

A Five Year Plan or an annual plan is elaborated which allows for a planned profit to accrue to each enterprise. The prices of commodities, as we have seen in the section of the turnover tax, are pegged considerably above the cost of production and the cost of production is measured by the cost of

labor power and raw materials and by the depreciation of fixed capital which includes amortization charges. The planned profit is likewise included as part of “the cost of production.” Each individual undertaking has considerable discretion in the manner of executing the plan. For instance, the management can make profits over and above those “planned” for it by economizing on the cost of labor. The minimum wage law—and that has been in effect only since 1937—the management has to obey. But the minimum is low enough, 110 to 115 rubles a month—and between that and the highest wage—2,000 rubles monthly—there is sufficient room for maneuvering.

When the First Five Year Plan was launched, capital expenditures came wholly out of the national budget. There was then an automaticity in granting credits to all Soviet enterprises. However, since 1930 by the Credit Reform Act and subsequent banking legislation<sup>(12)</sup> in 1931, particularly the Act of June 25, 1931, automatic credits to industrial and commercial enterprises were stopped. There was introduced what was known as the “ruble control,” that is to say, the undertakings were to be conducted on principles of cost accounting, as in any money economy. A working capital was given them and they were to function unassisted by bank credit. Where credit was necessary it was extended only to those whose credit was good. Thus there was created an incentive “to fight for profit,” and a control was established over the industrial and commercial enterprises by the banks, which saw to it that the slogan “fight for profit” was achieved—with the threat of having the enterprise declared “bankrupt” and taken out of the hands of the management.

By February, 1941, Voznessensky could report to the Russian CP conference: “The profits of socialist industry are increasing from year to year. The net profit of the plants of industry rose to nearly 14 billion rubles in 1940.” The gross profits were considerably above that figure of 14 billion as the profits tax to the State Treasury for that year amounted to 21.3 billion. The achievement of these profits was in turn helped not a little by the mode of functioning of the enterprises. Since it is state owned, a Soviet enterprise is considered to be “socialist property.” However, the worker in it does not “share the profits,” whereas the “enterprise,” that is, the management, is permitted to accumulate funds both from the planned profits and from the amortization charges. In 1940, 32.5 of capital outlays<sup>(13)</sup> came from these sources. This permitted the diversion of the state budget for national defense, without upsetting the funds for industrialization. Defense expenditures jumped from 3.5 billion (or 8.9 per cent of the entire budget) in 1933 to 56.1 billion, or 32.4 per cent of the entire budget in 1940! Although state investments in the national economy more than doubled in volume since 1933 (they were only 25.1 billion in 1933 and were 57.1 billion in 1940), they dropped, in ratio to total expenditures, from 60.8 per cent in 1933 to 33 per cent in 1940.

Not only have the industrial enterprises achieved this miraculous “elimination of subsidies” and not only do the individual members of the management of the enterprises receive a salary considerably above the 110 minimum rubles but the managers are able to up their 2,000 rubles monthly salary by

(12) Cf. *Soviet Money and Finance*, by L. E. Hubbard, and *Bank Credit and Money in Soviet Russia*, by A. Z. Arnold. The latter is evidently a Stalinist but if the rationalization is thrown out, the banking legislation is there in full. In Russian the legislation (as well as all decrees mentioned in this article) can be found in *Compendium of Laws, 1929-40*; also, the daily press generally carries decrees the day after enacted.

(13) Cf. Yugow, *Russia's Economic Front for War and Peace*.

Cf. section on ending rationing.

(11) Cf. article by Baykov in *The Economic Journal* (London), December, 1941.

\*Due consideration should, of course, be given the inflation of the ruble.

\*\*Cf. section on proletariat.

various means. It is Malenkov, the secretary of the RCP, who reveals one of these methods to the 18th party conference, which had been told so much of "socialist accumulation." Malenkov relates the following incident: the Middle Ural Copper Mills in the Sverdlovsk region sold plumbing materials to the Non-Ferrous Metals Supply Trust for 100,000 rubles and had them carted to the Trust. The responsible agent, who did not know about this transaction but saw the materials when he visited the Trust, bought these materials for 111,000 rubles and had them carted back to his own plant. Malenkov remarks, after he awaits the peals of laughter from his audience\*: "Since it is the State Treasury that bears the expense of such twofold transactions, the director and the responsible agent must have each gotten a bonus, one for making such a smart sale and the other for such a smart purchase." After the laughter subsides, he adds that this was the reason for promulgating the decree of February 10, 1941, forbidding the sale and/or exchange of machinery materials. And—we might add in a serious vein—that this is only one more reason why it is difficult to estimate the exact income of a factory director. His basic salary of 2,000 rubles monthly is merely the first contrast to the 110 to 115 rubles monthly minimum salary of the factory worker, before the former's is swollen by bonuses, premiums, exemptions from income tax, once he has succeeded in obtaining the title "Hero of Labor." That title can be gained not only when fulfilling the Plan by having the factory show a profit but also when one "proves" this his particular tasks have been accomplished "honorably," although the factory he manages has not fulfilled the plan. No wonder details of the latest income taxes revealed such unbridgeable "differentiations" as earnings above 300,000 rubles a year when the "average" annual income is 3,467 rubles!<sup>(14)</sup>

### C—The Economics of Russian Agriculture, 1928-41

Thus far we have been on the industrial front only, where we have been led from industrialization to extended reproduction and have seen how two handmaids (the turnover tax and profit motive) helped "socialist accumulation grow fat. What about the agricultural front? Are the same factors at work here? What is the economy of Russian agriculture and what is its law of motion? Let us study the development of Russian agriculture since the initiation of the First Five Year Plan.

By the end of the Second Five Year Plan the Russian state declared the land was collectivized to the extent of 99.6 per cent and the peasantry to the extent of 93.6 per cent. Socialism was indeed "irrevocably established." Percentages and labels, however, are deceiving, as we shall see when we analyze the economy prevalent on these collectivized farms (*kolkhozy*) and amidst the collectivized peasantry (*kolkhozniki*). The Russian state would have us believe that the millions transported to the Far Northern territories during the execution of the First Five Year Plan had indeed liquidated the kulak "as a class." It may be possible that the newly-created, hot-house fashion, Lubyanka method *kolkhozniki* were made of a different psychological mold than were the kulaks—but the economic demand was the same: a free market. That demand was granted them in 1932. In 1935 the permanent usufruct of the land was likewise bestowed upon them. And

\*Report in *Pravda*, along with stenographic notes of the conference, February 18-21, 1941.

(14) Cf. Boris M. Stanfield: *Private Property Rights in Russia*, in *International Conciliation* No. 875, December, 1941.

finally, and of most recent vintage, is the appearance and the publicity attendant upon the birth of the millionaire *kolkhozy*. Does this prosperity embrace the whole "socialist agricultural front"?

### I—The World Crisis and the Russian Famine

#### 1—The World Market and the Russian Agricultural Crisis

"Enrich yourself!" had been the slogan while the NEP was still in effect. This slogan the kulak rightly adopted as his own. Since the state did not pay him sufficient for his grain to achieve this enrichment, there was no inducement to produce a large marketable surplus. Eighty per cent of the grain output in 1927 was consumed by the peasantry and only 20 per cent was left to feed the urban population. This contrasted poorly with the period prior to World War I (1909-14) when the peasantry consumed 63 per cent of the grain and 37 per cent of the total constituted the marketable surplus.<sup>(15)</sup> Therefore, although the urban population was growing, there was less for it to eat. Moreover, 60 per cent of the marketable surplus in 1927 was concentrated in the hands of the kulaks, who constituted a mere 6 per cent of the peasant population. While Stalin proclaimed that it was "nonsense"<sup>(16)</sup> to call the NEP capitalism and Bukharin declared that it was possible to reach socialism "at a tortoise pace," the kulak had concentrated the greater part of the marketable surplus and refused to turn that over to the state. Forced collectivization was resorted to.

Forced collectivization achieved 78.2 per cent collectivization of the total area under crops by the end of the First Five Year Plan, instead of the 17.5 originally envisaged by the Plan.<sup>(17)</sup> Forced collectivization wrought such havoc that the harvest declined from 83.5 million tons in 1930 to 70 million tons in 1931. The attempt of the bureaucracy to erase all past mistakes in encouraging Nepist accumulation as a "step toward socialism" by an absolutely dizzy speed in "collectivization" found its match in the equally terrific thoroughness with which the peasantry proceeded to slaughter its animals. When the Plan was officially declared "completed," here is what had happened to the livestock:

IN MILLIONS OF HEAD (18)

	1928	1932
Horses .....	35.9	19.6
Large horned cattle .....	70.5	40.7
Sheep and goats .....	146.7	52.0
Pigs .....	26.0	11.6

If we take the 1928 figure as 100, we get the following indices for 1932: for horses, 54.6 per cent; cattle, 57.7 per cent; sheep and goats, 35.4 per cent; pigs, 44.6 per cent!

The havoc on the agricultural front was aggravated by the reality of the world market, which would not permit Russia to tear itself out of the vortex of world economy and build "socialism in one country." The world crisis adversely affected the price Russian agricultural produce could command on the world market. If we take 1928 to be 100, prices on the world market dropped to 67.2 and on agricultural produce, which is what Russia wished to sell in order to buy machinery, they dropped to 45.5. Tractors, which were not manufactured rapidly enough in Russia to take the place of the draft animals

(15) Cf. L. E. Hubbard: *Economics of Soviet Agriculture*.

(16) Cf. *Minutes of the 14th Congress of the RCP*, page 498 (in Russian).

(17) Cf. *Gosplan, The First Five Year Plan*.

(18) First officially revealed in 1934 in Stalin's Report to the 17th Congress of the RCP.

slaughtered, could not be bought in sufficient quantity because of lack of capital. The disorganization on the agricultural front was accompanied by a famine that stalked throughout the Soviet land. Millions died.

## 2—The Effect of the Russian Famine on the Population.

Despite the fact that, on the one hand, their own statistics of decline in harvest and slaughter of cattle point to catastrophic conditions; and, on the other hand, the fact that the bourgeois journalists in Russia saw to it that the world heard of the famine, the state has denied the existence of famine in 1932-33. Apparently even the bureaucracy did not know what a toll of lives the famine had taken for by 1937 they ordered a census taken to prove that "life had become gay." According to the Plan, the census should have proved the existence of a population of 180.7 millions. But the data the census takers brought back told a vastly different story. Despite the fanfare that heralded the census, the data were never made public. The census was declared "defective" and another census was ordered for January, 1939, to find the missing millions. The 180.7 millions "planned" for 1937 were based on the three million yearly growth in population characteristic of the period 1922-28. On that basis the 1939 census should have recorded a population of approximately 186 million. However, the accepted 1939 census revealed the population to be 170.5 million. No explanation was made as to the discrepancy in the figures, but much publicity was given to the 15.9 per cent increase over the 1926 census disclosed by the 1939 census. No explanation was made of the discrepancy between the planned figures and those found actually living. This 15.9 per cent increase, however, is not reflected in each age group and thereby hangs a tale of confirmatory evidence of the famine in 1932.

The age group up to seven years does not reflect the general 15.9 per cent increase. Instead it records a 1.6 per cent decrease! Moreover—and this makes the decrease even more appalling—the age group in the 1926 census to which this age group is compared was itself an abnormally small part of the population since the birth rate was below normal and infant mortality above normal in the period 1919-22. Some demographic catastrophe must have occurred in the years when "socialism was irrevocably established" to result in a decline in an age group that is contrasted to one born in the period of civil war and famine! The Stalinist statisticians, for reasons best known to themselves, did not deign to break this age group into single years and we cannot, therefore, tell whether the decree was due to infant mortality or to an abnormally low birth rate. But what is absolutely clear from the official statistics is that the "socialist" year 1932-33 stands out in black relief even against the famine year 1919-20!

That the régime was able to survive such a catastrophe is in no small measure due to the reality of the world crisis. Whereas the world crisis, on the one hand, aggravated the internal situation in Russia by upsetting its financial plans, it had, on the other hand, likewise induced such combustible situations in each of the capitalist countries that none of these governments dared take advantage of the internally weak Soviet Union to the extent of attacking its borders.

In the Soviet Union itself the powers that be felt the discontent of the village. The tops accused the rank and file of being "dizzy from success" (Stalin). Retreat was the order of the day. The village was granted the open market. Never having had the courage of its own convictions, the bureaucracy gave the free market its benediction (April, 1932, edict

of the CC of the RCP and of the Presidium of the Soviet Government) and the free market was pronounced to be a "collective farm market." Thus was the exchange process made "kosher" by a ukase of the "socialist state."

## II—The Free Market on the Countryside

Forty per cent of the grain output goes to the state in the form of compulsory deliveries or purchases, at a price fixed by the state. Another 20 per cent of the grain crop is given for the use of the MTS (Machine Tractor Stations) and to tractor drivers. Over half of the remaining 40 per cent is consumed by the peasant population itself, leaving 15-20 per cent of grain production as the marketable surplus. Variations in the price of grain, depending upon the buyer, were tremendous. For example, 100 kilograms of rye sold in 1933 at these widely different prices:<sup>(19)</sup>

Delivery price to the state.....	6 rubles and 3 kopeks
Rationed price (rye flour).....	25 rubles
Commercial price (rye flour).....	45 rubles
Kolkhoz price (January).....	58 rubles (Moscow region)

The open market price, which is some ninefold that of the state price, is inducement enough to the *kolkhozniki*. Though the free market it called the collective farm market, the collectives supply only 15 per cent of the agricultural commodities on the market whereas 85 per cent is supplied by the peasants, collectivized, or individual, thus:

Produce of <i>kolkhozy</i> sold by <i>kolkhozy</i> .....	15%
Produce of <i>kolkhozy</i> sold by <i>kolkhozniki</i> .....	45%
Produce of <i>kolkhozniki's</i> own livestock and allotments....	30%
Produce of independent peasants.....	10%
	100% (20)

An insight into both the prohibitively high prices on the market and of the inflation of the ruble can be gained from the fact that in 1934 the open market turnover was valued at 14,000 million rubles in current prices whereas the country's total agricultural produce that year, calculated in 1926-27 prices, was valued at 14,600 million rubles! It is therefore not surprising that in 1935 the sale on the open market of less than 20 per cent of the marketable surplus yielded a greater sum of money than the sale of 60 per cent of the marketable surplus to the state and state organizations:

	In Millions of Rubles
Income from compulsory deliveries to state.....	7,370
Income from decentralized collections.....	1,344
Income from open market sales.....	10,783

Because of this extreme difference between open market sales and sales to the state, 25 per cent of the whole money income (10,783 million rubles out of 43,646 million rubles) of the *kolkhozniki* (and the whole means not only what they earned in the *kolkhoz* but also outside earnings in factories off-seasons) was derived from open market sales.<sup>(21)</sup> Moreover, the *kolkhozniki* need not submit any turnover tax to the state.

At the 18th congress of the RCP held in March, 1939, it was stated that the free market turnover of foodstuffs in 1938 was valued at 24,399 million rubles, or 15 per cent of the total value of all retail trade, including public feeding. However, this does not mean that the actual commodities sold ap-

(19) Cf. article by Baykov in *Economic Journal*, London, December, 1941.

(20) *Development of Kolkhoz Trade in 1936*, in Russian.

(21) *Problems of Economy*, No. 6, 1936, in Russian (as are all official magazines and newspapers mentioned in this article).



proached that percentage. Because the prohibitively high prices on the open market and the inflated rubles, the value output, as we have seen above, give no indication of the physical output. Small wonder that the newly-created *kolkhozniki* jealously guards an old institution: the free market!

### III—Private Property in the Kolkhozy; Millionaires and Paupers

The free market was not the only conquest of the village. In 1935 the *kolkhozy* were granted the permanent use of the land and the *kolkhozniki* the following private property rights: their dwelling, one-half to two and one-half acres of land (depending upon the region) and the following livestock\*: one cow, two calves, one sow and its litter, up to ten sheep or goats, unlimited poultry and rabbits and up to ten bee-hives. The slogan for industry, "fight for profit," had its parallel in the countryside: "Make all *kolkhozniki* prosperous." Since all produce of his private property was his and the sale of it on the open market was unencumbered by a turnover tax, the *kolkhoznik* began to pay a lot of attention to the care of his own small plot of land, where he carried on diversified farming. *Planned Economy*, in its December, 1938, issue carries a report which reveals that the *kolkhozniki* spend 30 to 45 per cent of their time on their own homesteads while the women spend most of their time on their own plot. The reports to the 18th conference in February, 1941, related the fact that farming on their own homesteads "overshadowed farming in the collective"!

Despite the trumpeted 99.6 per cent collectivization, here is the extent to which private property has developed: although the *kolkhozy* own 79.2 per cent of the area under crops, they own only 17.6 per cent of all cows, 30.4 per cent of sheep and goats. On the other hand, the *kolkhozniki*, who own a mere 3.3 per cent of the area under crop, own as high as 55.7 per cent of all cows and 40 per cent of all sheep and goats. Individual (private) peasants cultivate only 5.2 per cent of the land under crops but own 12.1 per cent of draught horses, 16.9 of cows and 13 per cent of the sheep and goats. Contrast to this the *sovkhazy* (state farms which are owned and managed by the state like the factories) which control 12.3 per cent of the area under crops but own only 9.8 per cent of the cows and 16.6 per cent of the sheep and goats. The *sovkhazy* possess only as many productive cattle as are owned by the workmen and employees who live in the country and are responsible for sowing only 1.1 million hectares of land!<sup>(22)</sup>

Besides these legitimate claims (that is, those recognized by the state) the People's Commissar of Agriculture reported in May, 1939, that the following surplus allotments were found to exist illicitly as private property:

778,000 hectares among kolkhoz members  
203,000 hectares among private peasants  
432,000 hectares among workers and employees and other non-members living in agricultural districts

The Commissar failed to inform us as to the degree of concentration of these surplus allotments. Surely they were not divided some one-tenth of an acre evenly among all homesteads or there would have been no necessity for promulgating the May 27, 1933, decree forbidding the sale or transfer of

*kolkhoz* property. That decree also made it obligatory for *kolkhoz* members to work a minimum of sixty to a hundred days a year, depending upon the region, in order to be entitled to *kolkhoz* membership. *Kolkhoz* membership, however, does not mean being an equal among equals. No, among the *kolkhoz* members there are millionaires and there are paupers. That is a fact, notwithstanding the praise of the millionaire *kolkhozy* in the Russian press as if their existence signified the realization of the slogan, "Make all *kolkhozy* prosperous."

Far from eliminating the poverty of the village, the millionaire *kolkhozy* have so accentuated it that the "differentiation" in social composition parallels the Czarist village. There are small, medium-sized and vast *kolkhozy*, and the crops grown on them and the tractor drivers available to them vary greatly. The "fortunate" ones are those which possess high grade soils, produce industrial and medicinal crops for the state, have comparatively large area in proportion to the number of members, have a great many more than the average number of tractor drivers at their disposal. *Pravda* of January 14, 1939, reported that on November 15, 1938, 5,000 MTS still owed their drivers 206 million rubles. The report reads that, naturally, the tractor drivers left the *kolkhozy* serviced by these MTS. The *kolkhozy* that could afford to pay well and on time got the best tractor drivers. Besides having the best soil and the best tractor drivers, the *kolkhozy* were able to work into the millionaire class by having had a larger surplus to put away for the further improvement of the *kolkhozy*. A certain percentage continually grew richer and richer. To be precise, the millionaire *kolkhozy* comprise one-third of one per cent of all *kolkhozy* (610 *kolkhozy* out of 2,424 thousand *kolkhozy* in the USSR!)<sup>(23)</sup>

In extreme contrast to this handful of millionaire *kolkhozy* are the PAUPER *kolkhozy*, which are twenty times as numerous as the millionaire ones. They constitute 6.7 per cent of the *kolkhozy* and earn annually 1,000 to 5,000 rubles. The overwhelming majority, 75 per cent, of the *kolkhozy* are medium-sized and earn about 60,000 rubles annually. This means only 172 rubles per member.<sup>(24)</sup>

Enormous extremes prevail in the distribution of farm products as compensation for labor, as well as in farm wages. In 1937, 8 per cent of all *kolkhozy* allotted less than 1½ kilo-gram of grain per labor day to each worker, over 50 per cent gave up to three kilos, 10 per cent distributed seven to fifteen kilos and, again, one one-third of one per cent allotted over fifteen kilos.

It must be emphasized that the labor day is not a calendar working day but a piece rate unit accorded the various categories of skilled and unskilled labor. A field hand's working day is "worth" one-half a labor day and a tractor driver's day is worth five labor days! Moreover, a labor day does not command the same price in all regions, as can be seen from the following table:<sup>(25)</sup>

District	Income from Days in Rubles
Vangerovsky .....	0.52
Slaviansky .....	1.37
Vannovsky .....	0.42
Shpoliansky .....	0.67
Korsunsky .....	0.34
V. Khavsky .....	0.45
Bazhetsky .....	1.18

(23) *Socialist Agriculture of the USSR Statistical Yearbook*, for 1939, in Russian.

(24) Cf. *Russia's Economic Front for War and Peace*, by Yugow.

(25) *Income, Savings and Finance in Collective Farms*, in Russian.

\*It is considerably higher in nomad regions.

(22) *Quarterly Bulletin of Soviet Russian Economics*, No. 1-3, 1939, Prague; Prokopovitz is the editor of this and it is translated into English; excellently documented.

Thus, even for the same work, the *kolkhozniki* might have been paid either 34 kopeks or 1 ruble and 37 kopeks—a four-fold difference per labor unit!

In 1939 the Central Administration of National Economy Statistics reported that 25 per cent of the *kolkhozniki* had earned 300 labor days, the average being 150 labor days a year, while 3.5 per cent had not earned a single labor day. The other extreme to this polarization of wealth is told in *Pravda* of January 17, 1939, which reports that a single collective peasant family in the Soviet cotton growing region of Uzbekistan had earned 22,000 rubles. These "differentiations," we must bear in mind, are *within the kolkhoz*. It is not from amongst the three million individual peasants that the "millionaires" arise but from amongst the 75 million collective farmers, out of those that have the largest tracts of land and are favored by the state with "contracts," that is, produce industrial and medicinal crops for the state. As we have seen, the state gets approximately 40 per cent of the gross crops of the *kolkhozy* through obligatory deliveries, taxes and payments for use of tractors and combines. Of the surplus reverting to the *kolkhozy* and *kolkhozniki* there is economic base for both millionaire and pauper members.

#### IV—Mechanization and Unemployment in the Countryside

Unemployment has been officially declared abolished ever since 1930. However, such a bourgeois agronomy specialist as Sir John E. Russell, director of the Rothamsted Experimental Station, declared after his visit to Russia in 1937 that the number of workers per hectare of land was some two to four times as many as would be used in England and that, most probably, only half of the agricultural population of Russia was necessary to run production efficiently. That, despite the fact that between 1928 and 1938, 22.8 million individuals left the farms and the peasant population declined by 20 per cent. That Russia is still overwhelmingly a peasant country (67.2 per cent of the total population is still rural) was revealed by the 1939 census. Of the 114.6 million rural inhabitants 78.6 million are peasants. Are all these millions still necessary to agricultural requirements, despite the extent of mechanization?

The Russian state prided itself on the tremendous development of mechanization on the agricultural front, yet denied the existence of unemployment and continued to deny it until 1939. The mop-up operations against the remaining revolutionists in the 1937 Trials and the anti-labor legislation in 1938 resulted in a mass flight of labor. Industry once again found itself without sufficient help. It was then that "The Leader" indirectly revealed the existence of unemployment in the countryside. At the 18th congress of the RCP in March, 1939, Stalin appealed to the *kolkhozniki* for their surplus labor: "The *kolkhozy* have the full possibility," he stressed, "to satisfy our request inasmuch as abundance of mechanization in the *kolkhozy* frees part of the workers in the country and these workers, if they were transferred to industry, could bring about a great benefit to the whole national economy." Since that appeal was issued, it became the vogue in Soviet periodicals to speak of the "balance of labor" (a euphemistic enough name for the unemployed!) on the *kolkhozy*. Here is one table officially published to show the effects of mechanization:

Amount of Man-Days per Hectare of Land Under Grain Crops	
1922-25	20.82
1933	12.30
1937	10.55

Here we see a full 50 per cent decrease in the need for manpower on the farm.

Still more directly, unemployment is attested to in the December, 1938, issue of *Planned Economy*, which publishes the following interesting table regarding the portion of labor resources that took part in *kolkhoz* work:

	January	July
Men	68.2%	84.8%
Women	21.2%	68.2%

This reveals that even in the busiest month of the year, July, about 15 per cent of the men and 30 per cent of the women were surplus to labor requirements in the *kolkhozy*, regardless of whether they were officially declared to be among the unemployed or not. In the January, 1941, issue of the *Problems of Economy* there appeared an article called "Labor Productivity in Agriculture in the USSR and USA" (an article we have already discussed in the section on labor productivity on the industrial front), in which the writer comes to the conclusion that, although the Russian worker put in an average 152 labor days per year, the American farmer works 258.6 days, and that Russia has three times as many farmers as the USA: 36.6 million against 12.1 million.

However, no amount of discussions about the "balance of labor" in the *kolkhozy*, no scientific proof that much of labor was surplus to agricultural requirements, not even the appeal of "The Leader" himself, proved powerful enough to move the peasant off from his half acre plot of land and willingly give himself over to the factory régime. It was then that the state enacted the October 2, 1940, decree creating the state labor reserves. The decree made is obligatory for the *kolkhozy* and city soviets to give up to one million youths between the ages of 14 and 17 for compulsory vocational training. After two years of training for the 14 and 15 year olds and a bare six months for the 16 and 17 year olds, the youths had to work for the state for four years at the prevailing rate of wages. The irony of this decree lies in its being officially predicated on the fact that it was made necessary "as a consequence" of the "abolition of unemployment and the fact that the poverty and ruin of the village and city are forever done away with" and "therefore" there were no people "quietly forming a constant reserve of manpower for industry"! The truth of the matter is that unemployment, poverty and misery continue to exist in the country but even under his unhappy lot the peasant will not turn to industry because conditions in the factory, especially after 1938, are well known to him and he prefers unemployment in the country instead.

And what about the proletariat who cannot escape the factory régime? What is the factory régime like? What are the production relations at the point of production? (*Concluded in the next issue.*)

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# Whither Zionism? Whither Jewry?

## Discussion Notes on the Theology of Zionism

Two types of criticism were directed at me after publication of the article "Jewish Colonization in Palestine." Both are equally devoid of the acumen necessary for clear political analysis. They are both striking in the absence of dialectic thinking.

One argument claims an inconsistency: Minter opens his article by expressing his "sympathies" toward Zionism and then systematically refutes each and every "progressive" point in the program of Zionism. A similar inconsistency is discovered from the other side: The program of Zionism proves reformist to the marrow; yet Minter continues to lend support to these illusions.

The same error permeates the criticism of both sides: form is confused with content. Do I have to be a de Gaullist to be for French independence? Do I have to align myself with Chiang Kai-shek in order to fight for the liberation of China? Or do I have to endorse the program of civil disobedience for the reason that I want to see an India free from Great Britain? On the other hand, do I reject the struggle for democratic demands because the liberals divert it into the royal road to parliamentary cretinism? Who among us is against the right of self-determination despite past experience with the reformist content, sometimes outrightly reactionary, of shallow nationalism? It is because we are for the liberation of France, of China, of India, because we are for every democratic demand, that we subject all forms of bourgeois liberalism to a devastating critique.

How idle though is the declaration of the right of self-determination without favoring the concrete steps that will lead to the realization of this principle. Lenin, in his time, granted the complete and immediate right of secession as its concrete application. That was after October, after the Bolsheviks had seized state power. But the struggle for self-determination, even under the rule of the bourgeoisie, can be fruitful to a certain limited degree. The following was said by Lenin on the topic:

The assertion that the right of nations to self-determination cannot be achieved within the framework of capitalism may be understood either in its absolute economic sense, or in the conventional, political sense.

In the first case the assertion is fundamentally wrong in theory. First, in this sense, it is impossible to achieve such things as labor money, the abolition of crises, etc., under capitalism. But it is entirely correct to argue that self-determination of nations is *likewise* impossible....

In the second case, this assertion is incomplete and inaccurate, for not only the right of nations to self-determination, but *all* the fundamental demands of political democracy are "possible of achievement" under imperialism, only incompletely, in a mutilated form and as a rare exception (for example, the secession of Norway from Sweden in 1905)... It implies that it is necessary to formulate and put forward all these demands, not in a reformist, but in a revolutionary way.... (*The Socialist Revolution and the Right of Nations to Self-Determination*, Lenin, *Selected Works*, Volume V, pages 268-69.)

The only integration of nationalism and socialism lies in the incorporation of the explicit demands for self-determination into the program of revolutionary socialism. An evaluation of the progressive or reactionary content of Zionism can therefore not be based on the avowed inconsistencies discovered in Minter's article accompanied by an *a priori* answer of

either: "The social revolution will solve the Jewish problem anyhow; Zionism under imperialism is a utopia; so why bother?" Or: "Nationalism is basically a progressive movement and self-determination a revolutionary demand which even socialists fight for; hence, we are doing our share for socialism by fighting for it along the national front." Neither side tells us of the how and why. Neither has understood or perhaps even read Lenin.

To evaluate Zionism in relation to the Jewish problem will be the purpose of this essay. *A priori* conclusions will be opposed by painstaking analysis. I wish to point out only one difficulty: Zionism as a mass movement of Jews, exists, so far, only in theory. Unlike other national movements, Jews still dispute among themselves whether they exist as a nation or a sect, or even whether they exist at all. Thus in dealing with this difficulty, I shall be forced to examine somewhat exhaustively the theories behind the Zionist movement and to a certain degree base my conclusions on them rather than on a purely pragmatic examination of facts.

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### The Basis of the Jewish Problem

Our inquiry into the history of anti-Semitism will unfortunately deal only with generalities, with the typical. We have tried to sum up its history as a uniform development of all its parts. This has in reality led to certain inaccuracies and false emphases, since the history and character of the Jewish problem in each country will show marked and not altogether unimportant deviations from the typical. Yet, for the sake of an all-encompassing treatment, limited in space as it is, these errors are left standing so as not to obscure what is fundamental.

The historical roots of the Jewish problem lie in their landlessness. But landlessness is not its cause. The cause must be sought in a disturbing factor in the immediate surrounding environment. Landlessness has its potential and latent dangers and weaknesses; yet only when an aggravating situation threatens to disturb the unstable equilibrium are these potentialities transformed into reality.

Let us say the diagnosis of a patient reveals the unequivocal result: cancer. In tracing the family tree it is found that a high percentage of the ancestry was afflicted with the same ailment. Does that explain to us the cause of the cancer? No! Medicine is still confronted with this riddle. Hereditary influences may make for a certain susceptibility, a weakened resistance, but other factors must first break through the defenses to cause an outbreak of the disease.

All that is established by the factor of landlessness is the susceptibility of the Jews to persecution, their inability to defend themselves, which in turn aggravates the original Jewish problem. In the case of the Jew, though, we are somewhat better informed than are our medical authorities on cancer, historians having time and again pointed out the dynamic factors determining the relation between the Jewish and Gentile "worlds."

Once the proper place of the landlessness is established, we will test this thesis, without, however, going into the causes

which *originally* singled out the Jew as the scapegoat of history. If landlessness or dispersion implies nothing else but susceptibility (to persecution), then how does it happen that throughout the centuries of persecution, the only permanent factor that could be found was the universal dispersion of the Jewish people? During that time ancient Rome disintegrated; the guild system arose and declined; the stagnated feudal system gave way to the revolutionary capitalist mode of production. In other words, we stand today in the last stage of class society which 2,000 years ago, when Jewish dispersion was first inaugurated, was still in its immature forms. This is, as we shall presently see, not a refutation but a confirmation of our thesis.

### Jews Under Feudalism

The Jewish problem under feudalism was not the same as it is under capitalism, even though its external forms might not have changed *basically*. Neither is the anti-Semitism in the Soviet Union merely a hangover from capitalism; it too can be explained on the basis of the degeneration of the Soviet Union; there are definite features which can only be explained through a proper understanding of the symptoms of its decay. The Jewish problem must be understood primarily in terms of economics. This does not exclude the influence of other factors but it provides us with the skeleton.

Under feudalism, the Jews fulfilled a special economic function, namely, they provided the merchants and later the money lenders. This does not mean that all Jews engaged in these two fields; nor does it necessarily mean that a majority of the Jews performed these functions. Its exact meaning is that those Jews in usury or commerce were dominating the attitude of the Jews toward the outside world and also determining the attitude of the outside world toward the Jews. The rest of the Jews were either artisans depending primarily upon Jewish patronage or they turned to agriculture, whence, like the "ten lost tribes of Israel," they were often assimilated without a trace. Those who did not fit into one of these three categories were insignificant in number. Hence, already in the days prior to a capitalist economy, money proved itself a dominant element in the Jewish community.

Prior to the Crusades, and long after, the Jews not only enjoyed equal rights but actually were bestowed with special privileges. These privileges were of course, at the bottom nothing else but unwilling courtesy extended to a sorely needed creditor. On other occasions, it was tolerance to a stranger. They were accorded tolerance since the political power that the Jews wielded was far out of proportion with their financial power. Why then did not the Jews usurp the political power of Europe as well while the rest of Jewry mingled with the masses? This would have indeed reduced the whole Jewish problem to merely that of antagonisms; but we are apt to forget that class antagonisms often reveal themselves in a veiled form, especially during the formation of classes, and that conflicts among the various sections of one class are also a common historical phenomena to be dealt with.

The new political (of course, also economic) factor that now entered the scene in full force was the Catholic Church. Through its increased influence and the break-up of the Mark community, the Jews were an alien element—by their financial power and by their worldly ambitions—threatening to undermine both the nobility as a class and the ideological stranglehold of the Church. The whole struggle against the

Jewish financial might was converted into a religious crusade against the "Killers of Christ." Jews were forced to live in ghettos, when crowded they began to assume that peculiar economic structure that to some degree still marks them today. Their commercial functions were assumed by Christians.

Jews were the midwife of capitalism. That does not mean capitalism could not have arisen without their aid. Yet their international connections, their accumulated capital from trade and usury, reliance on money rather than barter, etc., all aided in the development of the prerequisites for capitalism. They were practically invited to Poland during the tenth, eleventh and twelfth centuries, when they fulfilled all and more of the above-mentioned functions.

### The Struggle for Equality

Before capitalism could break the bonds of feudalism, the restrictive measures of feudalism, especially the feudal autocracy, had broken the backbone of Jewish commercial strength. Guilds, to which the element of unscrupulous gain was relatively uncommon, early excluded Jews. We have already mentioned the activity of the Church and the nobility. Hence, rising capitalism found in the Jewish community a great reservoir of potential strength that had not been tapped. In its progressive and revolutionary epoch, capitalism set in motion the creative elements among the Jews, just as it did among other strata of the population. To do this the Jews had to be emancipated politically and this the political revolutions of capitalism proceeded to do. Let no one think that equality was automatically bestowed upon the Jews. Jews, side by side with the liberals of other nationalities, carried on an exhaustive political struggle. Wherever the liberal elements were strongly entrenched, Jews enjoyed equal rights; wherever reaction triumphed, restrictive anti-Jewish measures resulted.

Today, however, the economic basis of anti-Semitism is no longer the same. Political emancipation, once accomplished, is gradually being superseded by cut-throat competition between the Jewish and non-Jewish capitalists, between the Jewish and non-Jewish petty bourgeoisie, and finally by competition among sections of the proletariat. Capitalism has become thoroughly reactionary and the agony of this declining capitalism are the birth pains of *modern* anti-Semitism.

I emphasize "modern," for anti-Semitism is as old as the ages. However, to imply that present anti-Semitism is merely a carry-over or a backslide of the Dark Ages is absolutely fallacious. Each generation makes history; but not all over again, starting from a vacuum; rather, it builds on the traditions of past generations. Capitalism in agriculture (Europe mostly) did not abolish the system of rents; it merely adapted it to its own needs. The old forms remained but now they were the embodiment of capitalist exploitation which had displaced the feudal order. Similarly, modern anti-Semitism is no longer based upon the threat of Jews to usurp the power of the nobility and undermine the authority of the Church. While it draws upon the strength of old prejudices which had arisen under feudalism, the attraction of these prejudices could only be upheld if new antagonisms could be kindled. And they could be kindled on the basis of the declining capitalistic order. New content was thus given to old forms. As long as capitalism exists the Jewish problem is an integral part of it.

Why was the Jew such a convenient scapegoat? Capitalism had somewhat transformed the economic structure of

Jewry. Once freed of restrictions and segregation, they entered the economy *en masse* as merchants, small capitalists and members of the liberal professions. Wherever opportunity was lacking, the Jewish proletariat took form; the small Jewish store owner always on the brink of proletarianization arose beside him. Also the tailor, the baker, traditionally typical of the ghetto, now proceeded to serve gentile customers.

The Jews entered capitalism with few bounds of traditional occupations. This does not mean that there were absolutely no occupational traditions passed on from father to son, but Jews did not have peasants who were by feudal law and family tradition joined to the soil; craftsmen were still largely influenced by the tradition of the guilds. Remembering that the overwhelming majority of the population at that time lived on the farms and the Jews were city-bred or townspeople, this difference of tradition, which has economic roots, becomes quite obvious. And the most deep-rooted Jewish economic traditions of the time were commerce and usury, both emphasizing the lack of tradition, for they know no other code but the search for the highest amount of profit and gain.

As a population adopted to the needs of capitalism, the Jews were in a sense ideal. Unfettered, they flocked into those fields that promised the greatest possible security in the shortest possible time. Where others derived influence and respect from birth the Jews derived it almost solely from money. Thus pecuniary gain became the compensation for all those fears derived from the threat of return to the insecurity of the Middle Ages. And this search for security characterizes the overwhelming majority of Jews. Some seek it through small enterprise, others in their superior education; some urge loosening of the Jewish communal ties; some advocate complete assimilation. They are opposed by the Zionists, territorialists and the Orthodox. Finally there are those who, through unity with the proletariat, aim at the emancipation of the world in order to emancipate themselves.

### Economic Basis of Anti-Semitism

As members of the liberal professions and owners of small enterprises, Jews very soon collided with other members of this strata. Making use of a political weapon for the economic struggle, competition took on the external form of a struggle between the Jewish and the Gentile middle classes. This limited itself with slogans such as: "Do Not Buy from Jews." There was no solidarity in either camp, and the Jews especially were very weak.

Much more vicious was the anti-Semitism which resulted from the class conflict between the bourgeoisie and the proletariat. The more brutal forms of anti-Semitism usually set in after the real power of the Jewish middle class was already on the decline. Its members were frantically on the brink of an abyss, trying to avert complete annihilation. Hence, the general psychological motives underlying Jewish economic activity, as outlined above, asserted themselves in pronounced ways. The Jew, as the most typical embodiment of the capitalist outlook, were those who in retail, in small business, came into day-to-day contact with the masses. The modern proletariat feels the impact of the petty "Jewish chiseler" more strongly than that of the boss of a large concern who is hidden from him through a long chain of hired functionaries. This is cleverly exploited, and, in addition to the destruction of the Gentile middle class and the competition of the workers among themselves, causes the main wrath of the workers,

students, middle classes and unemployed to be directed into anti-Semitic channels.

It is quite false, however, to designate all Jews as middle class. The Jewish middle class made itself conspicuous because the number of its representatives among the middle classes of a country is far out of proportion with their representation among the population as a whole. Jewish proletarians in great number are to be found everywhere, but they are generally permeated with a psychology strangely reminiscent of the petty bourgeoisie. As outlined previously, his path is usually the one leading to the speediest "security," so he thinks, away from the proletariat.

This situation also aggravates anti-Semitism. Where competition for the more highly paid jobs is keen, reactionaries, seizing upon these points of friction, can easily fan the flames of open anti-Semitism.

Certain generalities established, we shall briefly sum up the concrete plight in which the Jews find themselves today. We are all too familiar with the desperate situation of the Jewish people in the Axis nations. Somewhat obscured in the wake of all the recent war problems is the situation of Jews in the United Nations. True enough, Milton Mayer's article in the *Saturday Evening Post* last spring caused nation-wide indignation, yet the comments clearly indicated that the protests were more concerned with the immorality of his statements at a time when Jewry under Axis domination was suffering so greatly, than in pointing out the true situation of Jews in America.

The transition to a war economy has accelerated combination and concentration of American capital. Many Jewish retailers have been displaced. Similarly, with the contraction of consumers' industries, many Jewish traveling salesmen became jobless and the New York garment workers can also count on a sharp curtailment of their work. On the other hand, the expansion of heavy industry for war has temporarily relaxed the restrictions against the Jews in that field. The net result is a greater normalization of the economic structure of the Jews, i.e., a better balance in the relation of numbers between Jewish proletarians and non-proletarians. In fact, this relation, making the necessary allowances, is quite normal.

Ruppin states: "Many Jews, especially of the second generation, left this work (clothing, fur industry) and went into clerical and commercial employment and the independent professions, but the Jews in America are much more employed in industry than the Jews of any other country."

Without minimizing the still existing weaknesses in this country, we present the following two tables:

OCCUPATIONAL DISTRIBUTION OF NEW YORK'S GAINFULLY EMPLOYED IN 1937

	<i>Pct. of the Total No. of Jews represented in this trade</i>	<i>Total No. In Trade</i>
Industry, including handicraft and home industry .....	25.4	34.9
Building .....	5.2	14.4
Transport .....	2.7	13.0
Public Utility .....	0.5	4.1
Trade .....	25.7	41.3
Banking .....	2.4	11.8
Public Services .....	2.2	21.4
Independent Professions .....	7.4	30.9
Places of Amusement .....	2.4	38.5
Domestic and Personal Service .....	10.9	30.0
Other Occupations .....	1.7	20.8
Unemployed .....	13.5	33.3
Total .....	100.0	27.4

ESTIMATE FOR JEWS OVER THE WHOLE WORLD, 1938

	No.	Pct.
Agriculture .....	500,000	3.0
Industry and Handicrafts .....	6,000,000	36.0
Trade and Transport .....	6,500,000	38.9
Public Service and Independent Professions	1,300,000	7.7
Casual Labor and Domestic Service .....	300,000	1.7
Pensioners, Persons of Independent Means	1,500,000	9.0
Other or Unknown Occupations .....	600,000	3.6

(Ruppin: *Jewish Fate and Future*)

The anomalies that remain are the concentration of the Jews in a few large cities in large communities, their unduly large proportional representation in certain specialized trades, and their absence, for all practical purposes, from agriculture.

• • •

What, then, is unique in the situation of the Jews? Is it that they are the only landless nation? Many Jews vehemently deny the existence of a Jewish nation and among them are some of the most orthodox adherents of the Jewish religion and refugees from Nazi terror. Furthermore, the Gypsies, like the Jews, have survived centuries of travels, scattered through the world and without a homeland. Yet their problem is fundamentally different. Is it the undue concentration in certain economic fields? The scattered Armenians over Europe, the Christian Arab in Palestine, the Chinese merchants all over Eastern Asia, the Germans in the sixteenth and seventeenth

centuries in Bohemia—is their concentration in commerce less unique than that of the Jews? Frequently, analogies between the economic structures of these various groups have been drawn, yet no one has been possessed of the sophism necessary to establish an identity between the problems of the groups mentioned and the Jewish problem.

Theories that attempt to deduce the Jewish problem from the fact that the Jewish group is either a nation, or a religion, or a separate economic category, or marked with an aggressive nature characteristic of its anthropological origin, etc., are not only inaccurate but deal in abstractions and totalities. Behind them is nothing more than the thinly veiled endeavor of philosophy to sneak into social problems. The social problem is distorted to fit the world view, and thus the existence of the social problem serves primarily to advance the propaganda of the philosophical school behind which, usually, certain interest groups hide. This is not the espousal of pragmatism in preference to Marxism. Criteria in Marxism, by its very nature as a class science, is relative. The Jewish problem in its present form is the result of a sequential complex of historical phenomena, a maze of interlocking and peculiar circumstances whose final product we witness today. If in the brief historical sketch of the history of the Jewish problem prime attention is given to the economic factor, it is only because political economy is the anatomy of civil society even though it is not everything. (*To be continued.*)

KARL MINTER.

**ARCHIVES OF THE REVOLUTION** Documents Relating to the History and Doctrine of Revolutionary Marxism

# A Letter to German Communists

[In March, 1921, the German Communist Party launched an armed uprising, provoked partly by the bourgeoisie and the social democracy and partly by ultra-leftist leaders of the party and the Communist International. This "March Action" failed utterly, and produced a crisis and a split in the party. Paul Levi, the former leader of the party, made a trenchant public criticism of the "March Action policy," the theory of the "offensive at all costs," and of "action to electrify the masses," which had taken hold of most of the party. The continuation of these policies and theories by the ultra-leftist leadership at the head of the party during and after March would have meant breaking the neck of communism in Germany. The crisis was exacerbated by the kind of unbridled and unintelligent struggle against deviating tendencies which Lenin felt compelled to decry as the transformation of a wisely-conducted and necessary political struggle into an irresponsible "sport," which threatened to drive out of the party thousands of militants and many able leaders. At the same time a conflict of views developed between the German party, and especially its right wing, and the leaders of the International over the KAPD (Communist Workers Party of Germany). This ultra-leftist group had been admitted into the International as a "sympathizing organization," a status which the German Communist Party representatives vigorously challenged.

[The Third Congress of the International sought to sustain the formal authority of the official party and its leftist leadership, in order to protect it from the vigorous and often telling attacks of Levi, but at the same time it repudiated the policy and theories behind the "March Action," a repudiation which Lenin and Trotsky virtually forced upon a reluctant leftist Congress with half-concealed threats of a split in the International. One of the prices demanded by the German leaders for swallowing this repudiation was the political head of Levi. Far from agreeing to this price, Lenin continued his attempt to build a bridge back to the International for Levi, whom he regarded as a talented man whose political criticism was not far

from right. The attempt failed. The German party leaders would have none of it and went out of their way to make its realization impossible. On the other hand, Levi revealed more and more the traits of political instability and even dilletantism which tainted even his criticism of the "March Action." These traits pulled him ever closer to the social democracy, in whose ranks he finally ended up. It is of course idle speculation to wonder what would have happened in the case of Levi had the German party leaders shown the same wisdom in dealing with such matters as is reflected in this letter to the German Communists which Lenin addressed to them in 1921 at their critical Congress in Jena.—EDITOR.]

The Communist Party in Germany is in a difficult situation. On the one hand, the international situation in Germany has intensified the revolutionary crisis and pushed the revolutionaries to the immediate taking over of power. On the other, the German and international bourgeoisie having drawn experience from events in Russia, and being admirably organized and armed to the teeth, has thrown itself with hatred against the revolutionary German proletariat.

Since 1918, the German revolutionary movement has followed a difficult and tempestuous course. But it marches forward no less.

One can assert that the German working masses have already taken a step to the left.

The difficult situation of the VKPD [United Communist Party of Germany] is complicated by the opposition from the KAPD [Communist Workers Party of Germany] and the Levists.

For what it is, we allowed the KAPD to participate in the Congress of the Communist International. We consider that so long as parties are not yet solidly organized, semi-anarchist elements can be useful.

In Western Europe the transition from revolutionary mentality to revolutionary activity is a very slow and tedious process. The anarchist tendencies, and the contradictions that arise within these very tendencies, must be left to develop themselves. But there should be limits to this tolerance.

In Germany, we have tolerated the semi-anarchist elements for a very long time. The Third Congress of the Comintern at last has given them a time-limit. If they exclude themselves from the CI, so much the better. We must let them die a natural death. The infantile malady of radicalism will pass, and as the communist movement grows so will it totally disappear.

We all act inconsiderately in the polemics we wage against Paul Levi. Nothing suits him better than to continue the dispute with us. After the decisions of the CI we must forget him and concentrate all our forces to a peaceable objective activity without polemic, without dispute, and without return to the past. I consider that Comrade Radek, by his article appearing in July in Nos. 14 and 15 of the *Rote Fahne*, and entitled "The Third International Congress, the March Movement, and the Future Tactics of the Party," has erred against the decisions adopted unanimously by the Congress. This article is specially directed not only against Paul Levi, but against Klara Zetkin. However, Klara Zetkin has herself, so as to seal the party unity, concluded during the Third Congress an agreement with the Central Committee of the VKPD which has been sanctioned by us all.

Radek has pushed things to inaccuracy when he implies that Klara Zetkin "wished to hold up all general action of the party until the day the great masses would be with us." In writing such words, he has rendered Paul Levi a signal service. For the latter has no other object than to see the party more and more divided and, finally, to expel Klara Zetkin. Radek has given a striking example of how the left wing can aid Levi.

I agree with a good number of Levi's criticisms on the March movement (of course, excluding from the very first the appellation of "putsch" given by him to this movement).

But Levi has given to his criticism a noxious form. And he who preaches prudence and balance so much to others has acted like a schoolboy in throwing himself hastily and blindly into the fray, so that he lost when he could have gained.

By the series of stupid errors he has made, Levi has drawn away attention from the very thing that is of importance, that is, the commission of the terrors committed during the March movement and their correction. These errors are very in-structive.

To make good and correct these errors, which no one considered pearls of Marxism, it was necessary at the Communist International Congress to place oneself on the right wing. Otherwise the line of the Congress would have been false. It was my duty to do this so long as I found myself in the presence of comrades who only enunciated words about reformism and centrism and who did not wish to recognize the mistakes made in March. Such people transform revolutionary Marxism into a caricature, the fight with centrism is a sport.

The German communists could do no better than to put an end to internal discussions as soon as possible, and to forget the case of Paul Levi on the one hand, and the KAPD on the other, and to set themselves resolutely to positive work.

The resolutions adopted at the Third Congress represent a huge step forward. It will be necessary to make every effort to put into practice what has been decided.

Communists should, to begin with, promulgate their principles before the whole world. That is what the First Congress did. Further, the work of building up the organization of the Communist International had to be done, the fixing of the conditions of admission, and the establishment of a clear line of demarcation between communists and centrists, that is, between communists and all those direct or indirect agents of the bourgeoisie who still find themselves mixed up with the workers' movement.

That was also the work of the Second Congress. The Third Congress could at last begin definite work. We have throughout the whole world a communist army, which, it is true, is still badly educated and organized. We must work at perfecting it. It must acquire experience in the various tactical operations and the lessons that can be learned from them must be examined with the greatest honesty.

The stumbling block in the international situation of the communist movement, during the year 1921, is found precisely in the fact that certain of those who belong to the élite of the Communist International have not quite understood the task that confronts them, that they have somewhat exaggerated the fight against centrism, and that they have rather overstepped the line of demarcation that separates fighting from sport, and they have reached a point where there is a risk of compromising revolutionary Marxism.

They have not broken bounds to a very great extent, but the dangers of their exaggeration is immense.

If this exaggeration had not been combatted, the Communist International would undoubtedly have perished. No one in the world is in a position to prevent the victory of the Communist International over the Second International and the "Two-and-a-Half" International, so long as the communists themselves do not hinder victory. To exaggerate the fight against the centrists means to save centrism, to strengthen its position and to increase its influence over the proletariat.

In the period that has elapsed between the Second and Third Congresses, we have learned to wage a war against centrism that is crowned with success in relation to the international movement. That has been proved by facts. This fight—the expulsion of Levi and of Serrati's party—we shall pursue to the very end. But what we have not learned is to fight against misplaced exaggerations in the battle against centrism. However, we have recognized this shortcoming, and precisely because we have recognized it we shall be able to free ourselves from it. Then we shall be invincible, for without the support of the proletariat itself (through the medium of the capitalist agents operating in the Second and Two-and-a-Half Internationals) the bourgeoisie of Europe and of America will not be able to maintain power any longer.

The essential task is the conquest of the masses of the proletariat. It is true we do not conceive of the conquest of the majority in the same manner as the champions of petty bourgeois democracy united in the Two-and-a-Half International. If in the month of July, 1921, at Rome, the whole proletariat—including the workers belonging to the reformist unions and Serrati's party—support the communists in the struggle against the fascisti, this fact is equivalent to the conquest of the majority of the working class for our cause.

Such a fact, it is true, does not yet signify a decisive conquest. It was only a partial victory, but in point of fact it



was a conquest of the majority. This conquest is going on throughout the whole world without anyone being able to stop it. We want to prepare the fight in this sense in a systematic and profound manner, giving to it all the necessary reflection. We let pass no serious occasion for using the revolutionary situation the bourgeoisie is creating at this moment. We must learn to estimate at their correct value the occasions which are offered to us for fighting in concert with the proletariat.

Thus will victory be assured us. Our tactics and strategy, seen from the international standpoint, are far from being up to the level of the bourgeoisie, for which the experience gained

in Russia has been a warning. But we are incomparably richer in numbers. We shall be able to acquire the art of strategy and tactics.

In conclusion, permit me to express the wish that the Jena Congress puts an end to the petty squabbles between the left and the right. A truce to the disputes that are rending the party! Down with all those who in one way or another are prolonging this fight. Let us consecrate our energies to perfecting the party organization and gaining a more and more intimate contact with the masses. Let us work for the perfecting of working class strategy.

N. LENIN.

# The Program of the Spartacists

[The German internationalists organized under the banner of Spartacus met for the first time openly a few weeks after the overturn of the Hohenzollern dynasty. At their Berlin Congress, on December 30, 1918, called to found the Communist Party of Germany, it was only natural that their gifted leader and theoretician, Rosa Luxemburg, should deliver the programmatic address. In this magnificent outline of the problems of the revolutionary movement in Germany and the Marxian method of solving them, Luxemburg showed her truly great stature as a leader of the militant proletariat. In the light of what was great and durable in her views, the errors in judgment, and even the mistakes in theory that she made, cast very small shadows. Still smaller are the shadows of 99 per cent of the little puppies that have always, down to our own day, snarled at her heels, because they could reach no higher from the ground. We are proud to present it to our readers—to most of them we are sure for the first time—on the anniversary of the abominable murder of Rosa and her comrade, Liebknecht, which followed this address by only a few days. The translation is from the pen of Eden and Cedar Paul.—EDITOR.]

## I—Back to the Communist Manifesto

Comrades! Our task today is to discuss and adopt a program. In undertaking this task we are not actuated solely by the consideration that yesterday we founded a new party and that a new party must formulate a program. Great historical movements have been the determining causes of today's deliberations. The time has arrived when the entire socialist program of the proletariat has to be established upon a new foundation. We are faced with a position similar to that which was faced by Marx and Engels when they wrote the *Communist Manifesto* seventy years ago. As you all know, the *Communist Manifesto* dealt with socialism, with the realization of the aims of socialism, as the immediate task of the proletarian revolution. This was the idea represented by Marx and Engels in the revolution of 1848; it was thus, likewise, that they conceived the basis for proletarian action in the international field. In common with all the leading spirits in the working class movement, both Marx and Engels then believed that the immediate introduction of socialism was at hand. All that was necessary was to bring about a political revolution, to seize the political power of the state, and socialism would then immediately pass from the realm of thought to the realm of flesh and blood. Subsequently, as you are aware, Marx and Engels undertook a thoroughgoing revision of this outlook. In the joint preface to the re-issue of the *Communist Manifesto* in the year 1872, we find the following passage:

No special stress is laid on the revolutionary measures proposed at the end of section two. That passage would, in many respects, be differently worded today. In view of the gigantic strides of modern industry

during the last twenty-five years and of the accompanying improved and extended organization of the working class, in view of the practical experience gained, first in the February revolution, and then, still more, in the Paris Commune, where the proletariat for the first time held political power for two whole months, this program has in some details become antiquated. One thing especially was proved by the Commune, viz., that the "working class cannot simply lay hold of the ready-made state machinery and wield it for its own purposes."

What is the actual wording of the passage thus declared to be out of date? It runs as follows:

The proletariat will use its political supremacy: to wrest, by degrees, all capital from the bourgeoisie; to centralize all instruments of production in the hands of the state, i.e., of the proletariat organized as the ruling class; and to increase the total of productive forces as rapidly as possible.

Of course, in the beginning, this cannot be effected except by means of despotic inroads on the rights of property, and on the conditions of bourgeois production; by measures, therefore, which appear economically insufficient and untenable, but which, in the course of the movement, outstrip themselves, necessitate further inroads upon the old social order, and are unavoidable as a means of entirely revolutionizing the mode of production.

The measures will, of course, be different in different countries.

Nevertheless, in the most advanced countries, the following will be pretty generally applicable:

1. Abolition of property in land and application of all land rents to public purposes.
2. A heavy progressive or graduated income tax.
3. Abolition of the right of inheritance.
4. Confiscation of the property of all emigrants and rebels.
5. Centralization of credit in the hands of the state, by means of a national bank with state capital and an exclusive monopoly.
6. Centralization of the means of communication and transport in the hands of the state.
7. Extension of factories and instruments of production owned by the state: the bringing into cultivation of waste lands, and the improvement of the soil generally, in accordance with a concerted plan.
8. Equal obligation upon all to labor. Establishment of industrial armies, especially for agriculture.
9. Coördination of agriculture with manufacturing industries: gradual abolition of the distinction between town and country, by a more equable distribution of the population throughout the rural areas.
10. Free education for all children in public schools. Abolition of children's factory labor in its present form. Combination of education with industrial production, etc., etc.

With a few trifling variations, these, as you know, are the tasks that confront us today. It is by such measures that we shall have to realize socialism. Between the day when the above program was formulated, and the present hour, there have intervened seventy years of capitalist development, and the historical evolutionary process has brought us back to the standpoint which Marx and Engels had in 1872 abandoned

as erroneous. At that time there were excellent reasons for believing that their earlier views had been wrong. The further evolution of capital has, however, resulted in this, that what was error in 1872 has become truth today, so that it is our immediate objective to fulfill what Marx and Engels thought they would have to fulfill in the year 1848. But between that point of development, that beginning in the year 1848, and our own views and our immediate task, there lies the whole evolution, not only of capitalism, but in addition of the socialist labor movement. Above all, there have intervened the aforesaid developments in Germany as the leading land of the modern proletariat. This working class evolution has taken a peculiar form. When, after the disillusionments of 1848, Marx and Engels had given up the idea that the proletariat could immediately realize socialism, there came into existence in all countries socialist parties inspired with very different aims. The immediate objective of these parties was declared to be detail work, the petty daily struggle in the political and industrial fields. Thus, by degrees, would proletarian armies be formed, and these armies would be ready to realize socialism when capitalist development had matured. The socialist program was thereby established upon an utterly different foundation, and in Germany the change took a peculiarly typical form. Down to the collapse of August 4, 1914, the German social democracy took its stand upon the Erfurt program, and by this program the so-called immediate minimal aims were placed in the foreground, whilst socialism was no more than a distant guiding star. Far more important, however, than what is written in a program is the way in which that program is interpreted in action. From this point of view, great importance must be attached to one of the historical documents of the German labor movement, to the preface written by Fredrick Engels for the 1895 re-issue of Marx's *Class Struggles in France*. It is not merely upon historical grounds that I now reopen this question. The matter is one of extreme actuality. It has become our urgent duty today to replace our program upon the foundation laid by Marx and Engels in 1848. In view of the changes effected since then by the historical process of development, it is incumbent upon us to undertake a deliberate revision of the views that guided the German social democracy down to the collapse of August 4th. Upon such a revision we are officially engaged today.

How did Engels envisage the question in that celebrated preface to the *Class Struggles in France*, composed by him in 1895, twelve years after the death of Marx? First of all, looking back upon the year 1848, he showed that the belief that the socialist revolution was imminent had become obsolete. He continued as follows:

History has shown that we were all mistaken in holding such a belief. It has shown that the state of economic evolution upon the Continent was then far from being ripe for the abolition of capitalist production. This has been proved by the economic revolution which since 1848 has taken place all over the continent. Large-scale industry has been established in France, Austria-Hungary, Poland and, of late, Russia. Germany has become a manufacturing country of first rank. All these changes have taken place upon a capitalist foundation, a foundation which in the year 1948 still had to undergo an enormous extension.

After summing up the changes which had occurred in the intervening period, Engels turned to consider the immediate tasks of the German Social-Democratic Party.

As Marx had predicted [he wrote], the war of 1870-71 and the fall of the Commune shifted the center of gravity of the European labor movement from France to Germany. Many years had naturally to elapse

ere France could recover from the blood-letting of May, 1871. In Germany, on the other hand, manufacturing industry was developing by leaps and bounds, in the forcing-house atmosphere produced by the influx of the French billions. Even more rapid and more enduring was the growth of social democracy. Thanks to the agreement in virtue of which the German workers have been able to avail themselves of the universal [male] suffrage introduced in 1866, the astounding growth of the party has been demonstrated to all the world by the testimony of figures whose significance no one can deny.

Thereupon followed the famous enumeration, showing the growth of the party vote in election after election until the figures swelled to millions. From this progress Engels drew the following conclusion:

The successful employment of the parliamentary vote entailed the acceptance of an entirely new tactic by the proletariat and this new method has undergone rapid development. It has been realized that the political institutions in which the dominion of the bourgeoisie is incorporated offer a fulcrum whereby the proletariat can work for the overthrow of these very political institutions. The social democrats have participated in the elections to the various diets, to municipal councils, and to industrial courts. Wherever the proletariat could secure an effective voice the occupation of these electoral strongholds by the bourgeoisie has been contested. Consequently, the bourgeoisie and the government have become much more alarmed at the constitutional than at the unconstitutional activities of the workers, dreading the results of elections far more than they dread the results of rebellion.

Engels appends a detailed criticism of the illusion that under modern capitalist conditions the proletariat can possibly expect to effect anything for the revolution by street fighting. It seems to me, however, that today we are in the midst of a revolution, a revolution characterized by street fighting and all that entails, that it is time to shake ourselves free of the views which have guided the official policy of the German social democracy down to our own day, of the views which share responsibility for what happened on August 4, 1914. [Hear! Hear!]

I do not mean to imply that, on account of these utterances, Engels must share personal responsibility for the whole course of socialist evolution Germany. I merely draw your attention to one of the classical pieces of evidence of the opinions prevailing in the German social democracy—opinions which proved fatal to the movement. In this preface Engels demonstrated, as an expert in military science, that it was a pure illusion to believe that the workers could, in the existing state of military technique and of industry, and in view of the characteristics of the great towns of today, successfully bring about a revolution by street fighting. Two important conclusions were drawn from this reasoning. In the first place, the parliamentary struggle was counterposed to direct revolutionary action by the proletariat, and the former was indicated as the only practical way of carrying on the class struggle. Parliamentarism, and nothing but parliamentarism, was the logical sequel of this criticism. Secondly, the whole military machine, the most powerful organization in the class state, the entire body of proletarians in military uniform, was declared on *a priori* grounds to be absolutely inaccessible to socialist influence. When Engels' preface declares that, owing to the modern development of gigantic armies, it is positively insane to suppose that proletarians can ever stand up against soldiers armed with machine guns and equipped with all the other latest technical devices, the assertion is obviously based upon the assumption that anyone who becomes a soldier becomes thereby once and for all one of the props of the ruling class. It would be absolutely incomprehensible, in the light of contemporary experience, that so noted a leader as Engels could have committed such a blunder did we not know the circum-



stances in which this historical document was composed. For the credit of our two great masters, and especially for the credit of Engels, who died twelve years later than Marx, and was always a faithful champion of his great collaborator's theories and reputation, I must remind you of the well-known fact that the preface in question was written by Engels under strong pressure on the part of the parliamentary group. At that date in Germany, during the early 'nineties after the anti-socialist law had been annulled, there was a strong movement toward the left, the movement of those who wished to save the party from becoming completely absorbed in the parliamentary struggle. Bebel and his associates wished for convincing arguments, backed up by Engels' great authority; they wished for an utterance which would help them to keep a tight hand upon the revolutionary elements. It was characteristic of party conditions at the time that the socialist parliamentarians should have the decisive word alike in theory and in practice. They assured Engels, who lived abroad and naturally accepted the assurance at its face value, that it was absolutely essential to safeguard the German labor movement from a lapse into anarchism, and in this way they constrained him to write in the tone they wished. Thenceforward the tactics expounded by Engels in 1895 guided the German social democrats in everything they did and in everything they left undone, down to the appropriate finish of August 4, 1914. The preface was the formal proclamation of the nothing-but-parliamentarism tactic. Engels died the same year and had, therefore, no opportunity for studying the practical consequences of his theory. Those who know the works of Marx and Engels, those who are familiarly acquainted with the genuinely revolutionary spirit that inspired all their teachings and all their writings, will feel positively certain that Engels would have been one of the first to protest against the debauch of parliamentarism, against the frittering away of the energies of the labor movement, which was characteristic of Germany during the decades before the war. The fourth of August did not come like thunder out of a clear sky; what happened on the fourth of August was not a chance turn of affairs, but was the logical outcome of all that the German socialists had been doing day after day for many years. [Hear! Hear! Hear] Engels and Marx, had it been possible for them to live on into our own time, would, I am convinced, have protested with the utmost energy, and would have used all the forces at their disposal to keep the party from hurling itself into the abyss. But after Engels' death in 1895, in the theoretical field the leadership of the party passed into the hands of Kautsky. The upshot of this change was that at every annual congress the energetic protests of the left wing against a purely parliamentarist policy, its urgent warnings against the sterility and the danger of such a policy, were stigmatized as anarchism, anarchizing socialism, or at least anti-Marxism. What passed officially for Marxism became a cloak for all possible kinds of opportunism, for persistent shirking of the revolutionary class struggle, for every conceivable half-measure. Thus the German social democracy, and the labor movement, the trade union movement as well, were condemned to pine away within the framework of capitalist society. No longer did German socialists and trade unionists make any serious attempt to overthrow capitalist institutions or put the capitalist machine out of gear. (*To be continued.*)

ROSA LUXEMBURG.

## 'Unifying' the Americas

INTER-AMERICAN AFFAIRS—1941; Edited by Arthur P. Whitaker, Columbia University Press, 1942.

This book is the first in a proposed series of annual surveys of the principal developments in inter-American relations, and was financed by the Division of Intercourse and Education of the Carnegie Endowment for International Peace. Arthur P. Whitaker of the University of Pennsylvania has a review of inter-American relations from 1889 to 1940 and a chapter on politics and diplomacy in 1941; George Wythe, liaison officer of the Department of Commerce, contributes a chapter on economics and finances; the problems of cultural relations, public health and social welfare are superficially dealt with in two other chapters by William Rex Crawford and William L. Schurz.

The authors claim to support no particular cause and especially not the cause of "hemisphere isolationism." Actually the whole problem is viewed from the position occupied by the United States in relation to Latin America. The authors measure the success and progress of inter-American cooperation by the yardstick of U.S. influence and domination.

This volume is intended as an unbiased and factual account of what happened in 1941 to enable the reader to draw his own conclusions. The authors are handicapped at the very outset because the original plan to include a large section containing detailed statistical information about the American nations had to be abandoned because of wartime conditions. The scantier statistics, however, do reveal the most important trends in the relationships between Latin America and the United States since the outbreak of the war. The big failing of the book, however, is that the authors do not correlate the facts they present and do not establish these trends. Taking the book at face value will leave the reader lost in a maze of historical facts and economic data. The reader must contribute to the book as much as the authors contribute to the reader.

Whitaker opens the book with a hasty review of inter-American relations during the years 1889-1940. It is during this period that the United States becomes dominant in the Western Hemisphere. With the acquisition of overseas bases, including the Panama Canal zone, the strengthening of its naval power (by 1905 the U.S. Navy is raised from thirteenth to third largest in the world); and the Hay-Pauncefote Treaty (1901) in which England surrenders her right to any control of the Panama Canal, the United States begins to push England out of the Caribbean. With the turn of the century the economic influence of the United States grows at a rapid pace. Her investments in Latin America increase from \$308,000,000 in 1897 to \$1,650,000,000 in 1914 and by 1929 they represent a third of all her foreign investments, \$5,430,000,000.

Whitaker's main concern is with the development of Pan Americanism. Although he claims otherwise, it is obvious from even his meager examination of the numerous conferences that Pan Americanism is the program of the United States penetration into and domination of the Western Hemisphere. Starting with the 1928 Havana Conference, the United States has emerged from each of these gatherings stronger and in a better position to determine the rôle and policy of the Latin American countries. By the time the war broke out in Europe, Pan Americanism, according to Whitaker, "owed its vitality, if not its very existence, mainly to the leadership of the United States, or that leadership of the United States was effective mainly because it possessed an

overwhelming preponderance of economic and military power in America."

#### TOWARD U. S. HEGEMONY

Since 1939, the war and the position of the United States toward it have dominated all inter-American relations. As the United States shifted its position from neutrality to non-belligerency and finally to actual military participation in the war, it dragged the Latin American countries in its wake. This was not accomplished without objections and strong resistance on the part of many of its Southern neighbors, most particularly Argentina, which was more dependent than any other American nation on trade with Europe—but accomplished it was, step by step, in tune with the needs of the United States. At the 1939 Panama City Conference a Pan American "safety zone" was established. According to Whitaker, this measure was never really enforced but it nevertheless gave the United States power to patrol the Southern oceans along the coastlines of South America. The 1940 Havana Conference went even further in the direction of tying the Latin American republics to Uncle Sam. The Convention for the Provisional Administration of European Colonies and Possessions which was adopted at that time prohibited the transfer of these colonies to Germany or Italy and provided for American administration of these "orphaned" colonies. The old proviso calling for unanimous agreement on any action taken was dropped so that the United States was in reality authorized to take any action it saw fit. This Whitaker considers "sensible and realistic because the United States was the only American state that had the requisite power for effective action." The proposed plan for a Pan American cartel, which would have assured the economic hegemony of the United States in the Western Hemisphere (presented, of course, as a plan to meet the menace of a totalitarian Europe) failed of adoption, and only the military and political measures outlined above were achieved. Whitaker fails to point out that the cartel plan failed because at that time a number of the Latin American countries still depended on the European market for the sale of their most vital products. The plan, however, is by no means permanently shelved.

#### CONCRETE MANIFESTATIONS OF U. S. POWER

By the end of 1941, when the United States entered the war, most of the smaller states followed suit. The others severed diplomatic relations and prepared to take the next steps. Argentina did neither, but declared that it would not regard the United States as a belligerent, which made possible the use of Argentine ports by U. S. warships. Peru froze Japanese funds, but not Italian and German because their financial interests in Peru were so extensive that such a step would have disrupted the business system of the whole country.

Whitaker seems somewhat puzzled by the fact that U. S. investments in Canada did not produce the same resentment toward Yankee imperialism as was produced by smaller investments in Latin America. This is a problem he leaves to future students of Pan American affairs. Actually the riddle is solved in the difference of economic development of Canada and the Latin American countries. The economic backwardness of the latter causes U.S. exploitation to be so much more brutal and apparent.

The section on economics and finances during 1941 is by far the more interesting. Neither Whitaker nor Wythe, however, relate their particular subjects to the other, though it is obvious that there is a very close connection between Yankee eco-

conomic penetration and influence in Latin America and the diplomatic and political trends.

The war and the isolation it imposed upon South America accelerated the process which had been taking place since the United States embarked on its Good Neighbor policy. Cut off from the European market, the Southern "republics" one after another fell more and more into the orbit of American economic domination. Their dependence upon the United States as a market and as a source of supply has been greater than during the First World War.

The demand for large quantities of raw materials at higher prices and outright financial assistance through loans from the Export-Import Bank and purchases of strategic war materials by the Rubber Reserve Co., the Metals Reserve Co. and the Defense Supplies Co., all subsidiaries of the Reconstruction Finance Corp., stimulated and increased trade with the United States. While the British share in this trade declined sharply, and the share of Axis and pro-Axis powers was diminished by the export control and black-listing system of the United States, the latter's share rose as follows:

Imports: In 1937-38 the U. S. supplied 35 per cent; in 1940, 54.6 per cent; and in the first six months of 1941, 60.5 per cent.

Exports: In 1937-38, the U. S. took 31 per cent; in 1940, 43.7 per cent; and in the first six months of 1941, 54.3 per cent.

The United States is not only taking advantage of the war to oust its rivals from Latin America, but has taken steps to continue its predominance in the future. That is the job of the Inter-American Financial and Economic Advisory Committee.

If the entire projected survey is actually carried through, the value of the book would be greatly increased. Standing alone there are far too many gaps in the study of inter-American relations. For the student of this most important subject one who already has some knowledge of the main trends in Yankee-Latin American developments, *Inter-American Affairs* has some value as a supplementary study of specific problems.

REVA CRAINE.

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