

The New
INTERNATIONAL

Toward Socialist Unity

**ISL Address on Dissolution
Urging Members to Join SP-SDF**

***The Formosans
Must Decide***

by Gordon Haskell

***The Road
To Beirut***

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China:

New Class or New Democracy?

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A Keynesian Views the Recession

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A New Look at the New Deal

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**French Socialism and
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THE NEW INTERNATIONAL

A Marxist Review

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SPRING-SUMMER 1958

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MAX SHACHTMAN, *Editor*

JULIUS FALK, *Managing Editor*

Advisory Staff

Michael Harrington George Post
Cy Jackson Max Martin

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To All Our Subscribers

This is the last issue of the *New International*. The reasons for its discontinuation are stated in the announcement from the editors and the Independent Socialist League's statement of dissolution.

The arrangement made for former members of the ISL joining the Socialist Party-Social Democratic Federation also provides for transferring all unexpired subscriptions to be filled by the *Socialist Call*, official organ of the SP-SDF. The same provisions have been made for the readers of *Labor Action*.

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OUR LAST ISSUE

With great sadness we announce this final issue of *The New International*. The reasons for this are amply stated in the accompanying address of the Independent Socialist League on its unification with the Socialist Party-Social Democratic Federation. Before closing the columns of the NI we wish to take note of its long and valiant history. Except for the interruption in the years 1937-1938, the NI has appeared continuously since 1934, its own evolution corresponding to the changing years and the evolution of world events. Few Marxian socialist periodicals in our time have lasted as long.

Quite obviously, no adequate resume of the NI is possible in this brief farewell note. It suffices to point out that the NI, through its successive editors and boards, maintained a consistently high level of theoretical and political discussion. The NI won a justly deserved reputation in this and other countries as an "expert" on Stalinism. Within its columns the earliest public discussion took place on the "Russian question" and the nature of the Russian state. Together with the Workers Party it helped to develop the "theory of bureaucratic collectivism" which remains the most lucid and instructive analysis of the Stalinist state and the system of Stalinism—views which are borrowed, with or without credit, in more recent times.

Throughout the war years, the NI remained devoted to the ideas of socialist internationalism. Its anti-war position was not only a reminder to socialists everywhere of the meaning of the socialist ideals, but it enabled the NI in the midst of the war to champion the great ideas of "self-determination" and "national independence" in its many discussions devoted to the "national question."

In the post-war years down to the present, the NI espoused the cause of democratic socialism, not as a temporary tactic in the class struggle, but as central to the great cause of socialism, against capitalism and Stalinism. The fight for democratic socialism to it was the struggle for the new society of freedom, the independence of all nations big and small as the indispensable prelude to the world brotherhood of all nations and peoples. That meant a never-ending struggle against all forms of imperialism, capitalist and Stalinist, and all forms of totalitarianism.

IN OUR DECISION TO dissolve the NI, we are acting in the service of a larger and more important idea: the construction of the democratic socialist movement in the United States, the success of which will be of enormous meaning to socialists everywhere. Most important of all, the new growth of socialist influence and organization can insure the successful struggle against capitalism and Stalinism.

THE EDITORS

Independent Socialist League's Statement of Dissolution

ISL Members to Join SP-SDF

A new step forward has been taken in the great work of reuniting and rebuilding the ranks of the American socialist movement.

In January 1957, the Socialist Party and the Social Democratic Federation, products of a separation lasting more than two decades, united into the SP-SDF and issued a Statement on Socialist Unity in America. "The democratic socialist movement has never exacted uniformity of opinion from its members," said the Statement, "but it does require the sharing of a common purpose. Both the SP and the SDF have believed in democratic socialism. They are fully in accord with the Socialist International's program." In its conclusion, the Statement declared:

The goals of freedom, democracy and equality, and the means of their achievement, are shared jointly by Socialists and trade unionists. We invite all democratic socialist groups and individuals to join with us in helping to make real the concept of human fellowship in freedom.

In July 1957, the Independent Socialist League, by the unanimous vote of the delegates to its national convention, adopted a resolution analyzing the state of American socialism, hailing the end of the long period of division and of sectarian isolation and stagnation of socialists in this country, and endorsing the proposal to unite all democratic socialists into an effective movement under the banner of the SP-SDF. This resolution, taking note of the complete discredit and collapse of the Communist movement in the U. S. pointed out:

What ruined socialism in the U. S. was its identification with Russian tyranny by a majority of radicals as well as by non-socialists. It will not arise from its present stage of fragmentation and isolation—more, it will not deserve to do so—unless it comes forward unambiguously as a democratic movement.

The resolution reiterated the standpoint of the ISL:

It takes its position against capitalism, against Stalinism, and for socialism, making clear in its platform that the social system it proposes to substitute for capitalism in the U. S. is not what prevails in Russia or other nations dominated by the Communists. It stands for democracy everywhere and gives moral support and encouragement to those who fight for it in every nation. It defends democracy in the U. S. and strives to extend it here and in all capitalist countries of the world. But it stands equally for democracy in Russia and its satellites. It insists that the people deserve at least the same democratic rights there as we demand here.

After examining all the groups proclaiming the socialist goal, the resolution stated:

"Of all the groups, one stands out uniquely: The SP-SDF." Furthermore, "it is already broad enough in character to serve as an inclusive movement embracing a wide range of democratic socialist tendencies. It represents, to the interested public, socialism in general; unlike the Socialist Labor Party, it is not hostile to the labor movement; it is small but it is not discredited and enjoys the respect, if not the support, of many militants in the labor movement. It can play a special role in unifying and rebuilding the movement. . . ."

This resolution was communicated

to the N.E.C. of the SP-SDF. It was followed by informal discussions between representatives of both organizations, and by discussions among their membership.

In May-June 1958, the national convention of the SP-SDF in Detroit, after extensive debate, adopted a resolution urging unaffiliated democratic socialist groups in this country to join its ranks.

With reference to the I.S.L., the convention declared, "During almost a score of years, the ISL has been steadily evolving and moving from their prior organizational viewpoints. Today, as it is amply established by their writings and statements, private and public, over the past number of years, the ISL represents and supports a truly democratic socialist ideology. In their most recent national convention, last year, the ISL formally resolved and declared their readiness to dissolve their own organization so that their members can be free to make their respective, individual applications for membership in the SP-SDF, pledging themselves to our principles and binding themselves to the discipline and control of our Party, on an equal basis, rights and responsibilities of membership in our Party. They seek, however, in the light of these assumptions and pledges that none of their members, so applying for membership in our Party, shall be under any disabilities or objections because of their prior affiliations."

The resolution of the Detroit convention concluded with the recommendation that:

In furtherance of the program initiated by our Unity Convention in 1957, this National Convention of our united SP-SDF extend comradely welcome into membership, in our party, to all of the present members of the ISL, who will make their applications for membership

in our Party, under the program submitted and set forth; and further recommends that the incoming N.E.C., directly and through its delegated officers or committees, immediately take this matter in hand so that there may be promptly achieved the expressed purposes to bring these socialists, from the ISL, into active membership in our Party.

The resolution further provided for the amalgamation into the Young People's Socialist League, the youth affiliate of the Party, of the Young Socialist League which has been fraternally associated with the ISL.

Following the Detroit Convention the entire matter was submitted to discussion and vote of the SP-SDF membership in a national referendum. The voting in the referendum just concluded, has ratified the decision of the convention. Formal notification of this decision has now been given to the ISL.

At a full meeting of the National Committee of the ISL held in Detroit at the conclusion of the SP-SDF convention, the resident Political Committee was voted full powers to take all measures necessary to meet the terms of the resolution adopted by the SP-SDF convention as soon as it became effective.

By virtue of these powers, the PC of the ISL hereby announces the dissolution of the ISL.

It urges all members of the League to join the ranks of the SP-SDF. It calls upon all independent and unaffiliated socialists to take the same action. It endorses the decision of the YSL to join with the YPSL for the building of a powerful youth affiliate of the SP-SDF.

Furthermore, the ISL has arranged that *Labor Action and the NEW INTERNATIONAL*, shall, as provided by the convention resolution of the SP-SDF and by our own proposal to the Party,

be put at the disposal of the SP-SDF, to be used, or discontinued, as may appear best and most advisable.

We are sure that we express the views of all the comrades of the ISL when we take this great occasion to declare in the present address:

WE LOOK BACK with pride upon the eighteen years of the existence of our independent organization, years during which our comrades fought to uphold with honor the banner of socialist freedom, democracy and internationalism. For almost two decades, without ever faltering in our socialist activity, we have also seen to it that our socialist principles were made clearer, to ourselves and to others. We have not hesitated to abandon old views and doctrines that proved to be obsolete or false and, always eschewing dogmatism, we have readily modified our views to suit them to new conditions and new problems or old problems in new forms. We continue to believe, as we have repeatedly said in the past, that only complete ideological and political independence from the camp of world capitalism on one side and the camp of world Communism on the other, can assure both the maintenance of socialist principles and the eventual triumph of its emancipating goal.

In now dissolving the ISL in order for our members to join in the upbuilding of the SP-SDF, we are underlining the fact that we are not bound by any narrow and partisan considerations that are the hallmark of the sect. We are deeply convinced that the opportunities for building a genuine movement are now greater in this country than they have been for a long time. When socialism faces the realistic prospect of rebuilding its political movement, all socialist sects become futile and even reactionary. This pros-

pect now exists. United in the ranks of the SP-SDF, we shall seek in common with all other comrades to realize the opportunities to the full, in word and deed, with enthusiasm and conviction.

The socialist political movement we support is an independent democratic movement.

We are fundamental and thoroughgoing opponents of capitalism and we seek to replace it completely by a socialist society; we aim at a movement that is completely independent of the Stalinist social system; the Communist regimes based on it and of the politics of the movements that support it in any way. We do not seek to "reform" it—a totalitarian slavery is not to be reformed but replaced fundamentally by socialist democracy. We do not favor a socialist movement that is a "rival" of the Communist movement but one that is its uncompromising opponent, as socialism has always been the opponent of movements that aim at or defend the suppression of the labor movement and of democracy, that aim at or defend the exploitation of the working classes.

As democratic socialists, we reject completely as incompatible with our principles and our aims any and all regimes, even if they proclaim themselves as "socialist" or "people's democracies," that are in actuality totalitarian, as in the case of Russia, China and their satellites. By the same token, we reject all political movements, parties and doctrines that support such regimes, that are their defenders or apologists. We stand for the traditional socialist conception that the winning of the battle for democracy is the establishment of a workers' government dedicated to the inauguration of a classless society. A "socialist" government that denies or suppresses democracy is a contradiction in terms, and world experience in the

last decades has proved this beyond the possibility of dispute. We reject the concept of a one-party dictatorship in which all other political parties are prohibited or suppressed as a violation of democracy in general and of socialist democracy in particular. We reject totalitarianism, or any dictatorship over the working class, as the road to socialism. We reject the imposition of "socialism" on the working class "for its own good," against its will or without its freely-arrived-at democratic decision. The road to a socialist government and a socialist society lies only through the ever-greater expansion of democracy. To these propositions the socialist movement is unequivocally committed.

We aim at building a democratic socialist movement, for the aim of socialism is nothing but the fullest attainment of democracy. The socialist movement differs from all others in that it is the only consistent and thoroughgoing champion of democracy in all spheres of economic, political and social life. In that most urgent of political struggles of our day, the struggle against the war danger and for world peace, we stand unambiguously opposed to all forms of imperialism and colonialism and unreservedly in favor of the democratic right of self-determination for all peoples and nations. No peace is possible if this right is trampled on or evaded; no foreign policy is democratic if it is not imbued with respect for this elementary right. From this follows our opposition to capitalist imperialism and to Communist imperialism. From this standpoint, for example, we hail the French Socialists who have defended and still defend this democratic right of foreign peoples under French rule, while opposing those socialists who have denied or evaded this right. We stand for the fullest democratic rights

to the Negro people in the United States. We stand for the fullest democratic rights of the members of the trade-union movement, in which we shall seek to have the voice and vision of socialism heard again loudly and effectively.

THE DEMOCRATIC SOCIALIST MOVEMENT must be democratic first and foremost in its internal life, so that its membership may be able to arrive freely and fairly at decisions on policy and activity, where the views of the majority prevail at all times with scrupulous assurances that the rights and conscience of minorities are in no way violated. This requires in turn a movement that is broad in its composition, its outlook, its concepts; that avoids iron and sterilizing dogmas which it seeks to impose upon all others, including dissenters in its own ranks; that avoids the demand for conformity on all questions and problems that are of interest to it; that rejects all concepts of a "monolithic" party and barrack-room discipline. All "monolithic" parties have had their day to the full; all of them have yielded disastrous results, the Communist Parties more than any other.

We of the ISL have sought to summarize and to learn from the vast variety of movements and experiences of the past, to emulate what proved to be wise and to avoid what proved to be wrong and even fatal to socialism. As Marxian socialists, which we have been and which we remain, we reject all dogmas, including those defined as principles. The teachings of socialism, properly understood, have been a guide to socialist thought and socialist action which excludes dogmas. We do not subscribe to any creed known as Leninism or defined as such. We do not subscribe to any creed known as

(Continued on page 148)

Let the Formosans Decide

A Democratic Alternative to an Imperialist Dilemma

THE QUEMOY-MATSU CRISIS has been compared by one American journalist to an international game of Russian roulette. Each side is betting that the other will not dare pull the trigger. But one mistake, one miscalculation, one misinterpreted directive by a local commander, one act of excessive zeal in playing the game, and the results could easily be fatal for thousands and possibly many millions of human beings.

A major danger inherent in the situation is that one of the participants, Chiang Kai-shek, would *like* the hammer to fall on the loaded cylinder. Nothing else could serve his interests better, and he has done everything in his power to set the stage for a major blow-up in the Taiwan strait. The American newspapers headlined the "scoop" that Chiang was seeking to convince the U.S. government to launch an all-out attack on the Chinese mainland, or at least to permit his bombers to attack the gun emplacements from which Quemoy is being shelled. No reporters are needed on the spot to get a "scoop" like that. It is inherent in the logic of the situation, from Chiang's point of view.

But that point of view is a limited one, to put it mildly. Chiang and a few dozen people around him may be willing to precipitate a world war as their only hope of regaining their power over China. There may be a few madmen in and out of high government and military positions in the United States who desire a preventive war now on the theory that for a limi-

ted time the American Strategic Air Command can deliver nuclear weapons over Russia more effectively than Russia's ICBMs can deliver them over the United States—and who regard the occasion which triggers off the war of minor importance. There may also be a few madmen in the Chinese and Russian governments who think that, all things considered, the political advantage of a war started over Quemoy would be so great that it would hardly be possible to anticipate a more favorable circumstance in which to start an armed conflict which is probably inevitable in the long run anyway.

But aside from these tiny groups, the whole of humanity is horrified at the game being played out around Quemoy. This horror is dulled only by the feeling that the whole thing is utterly unreal, a ghastly bluff on both sides. It simply seems incredible that the United States would get embroiled in a major war over a handful of tiny islands some eight thousand miles from her coast, or even over Chiang's sterile little clique on Formosa. Thus, even though a number of prominent politicians in this country have spoken out against the "Dulles doctrine," and polls indicate that sentiment is running five to one against getting into war over these islands, the political atmosphere is not one of tension or crisis. The American people are taking the crisis like disinterested spectators who go about their business as usual, glancing up once in a while at a TV screen on which some ridiculous actors are put-

ting on an overdone, old-fashioned thriller.

ALTHOUGH THE SITUATION itself and Chiang's direct interests make the danger of war very real, we do not think that either the United States government or the Stalinist government of China have any intention of going to war against each other now. Each is acting in the interest of what it deems to be its political objectives at this time. And in the situation which results, the United States continues to suffer one political defeat after another.

The arguments put forth by Dulles and Eisenhower for their policy in the Taiwan Strait are not only absurd on their face, they are utterly ineffective. Who can take seriously the charge that what is involved here is an attempt at "territorial aggrandizement" by the Stalinist government of China? Who can be convinced by the argument that if the Chinese government is permitted to "get away" with Quemoy and Matsu today, they will take South Vietnam and Burma tomorrow? No one in Asia believes this. Everyone knows that if the Chinese Communists decide to take over the whole of Indochina or Burma, the only context in which they could be expected to do this would be either in the *course* of a world war in which military considerations could outweigh political ones, or as part of a social revolution in these countries where military aid by China would appear to be, and would be in actuality, an adjunct to the civil war which had been generated by indigenous causes. In any event, there would and could be no analogy to the Quemoy-Matsu situation, and it could set no precedent for any such imperialist action by the Chinese.

For some weeks, fear of a military explosion involving the United States has been dampened by the prospect that some deal might be negotiated between the U.S. and Chinese governments in the ambassadorial "negotiations" in Warsaw. The public positions of the two major parties in this struggle are utterly contradictory and irreconcilable. Hope in a fruitful outcome of the negotiations is thus either hope for a miracle, or is based on the idea that the public positions of the two contestants are not their real positions.

The government of China says that Quemoy, Matsu and Formosa are Chinese territory, and that any means of getting them under the control of the government of China is legitimate, and purely an internal affair of the country. The United States government says that these territories belong to the government of the Republic of China (Chiang Kai-shek), and that the U.S. cannot dispose of all or any of them without the agreement of that government. Chiang says he has nothing to give, and makes only one demand: abdication of the government of China to him.

On what, then, can one base any hope of a negotiated settlement? If one is not given to wishful thinking any such hope must be based on the conclusion that neither side means what it says. Thus the idea arises that the government of China might accept recognition, admission to the United Nations, and evacuation of Quemoy - Matsu in exchange for a pledge not to seek to take Formosa by force. On the other hand, it is assumed that the United States really has no interest in Quemoy-Matsu, and realizes that recognition must be granted to the actual government of China sooner or later. As to Chiang's

heated objections — presumably they could be taken care of by sufficiently powerful behind-the-scenes pressure from an American government which is his sole means of political and military support.

At the moment of writing this, it appears that a deal along the lines indicated above is not in the making. The headlines announce a deadlock at Warsaw and air battles over Quemoy. It is not surprising. The Eisenhower administration's policy is at least as rigid as was that of Truman-Acheson in their day. And the Chinese, no doubt, feel that they have such a tremendous political victory in the making that there is no reason to do anything at this time but increase the pressure.

BUT IF A DEAL CANNOT be made, what will be the end of it all? The Chinese could stop firing their artillery, pocket their political winnings, and wait for another day when things would lie favorably for a repetition of the whole game. In that event, nothing would have been solved. It would simply mean that a bomb which could touch off World War III would be lying there waiting for another day.

Further, any such "solution" of the problem leaves one major factor in the situation completely out of account. That is the wishes, interests and future of the people of Formosa itself. And here we are not talking of Chiang and the few hundred officials plus the hundreds of thousands of soldiers who were shipped to the island when his rule on the mainland collapsed. We are talking of the Formosan people themselves, those who have lived on the island all their lives, and whose fathers and grandfathers lived there before them under the rule of various foreign powers.

And we do not raise the question of the desires of the Formosans only because we are for justice and for freedom everywhere, though that reason should suffice. We raise it also because in this case, in our opinion, the cause of justice and freedom is conjoined with the cause of peace. And we raise, it, further, because only by starting a campaign here in America and throughout the world for a solution which takes the Formosans into account can the initiative be taken out of the hands of the little cliques in Washington and Peiping and Taipei who are juggling with the peace of the world today.

The people of Formosa have the right to decide their future. If they want to be a part of Stalinist China, they have a right to make that decision for themselves, in a free election. If they want to be independent, that too should be their right. The government in Peiping has no more the right to establish its rule over them by force than Chiang has to maintain *his* rule over them by force. And the United States has no right to impose a solution which seems desirable to *its* government on the people of Formosa, either.

Thus, the *only* solution which to us seems to have a reasonable chance of working both to re-establish the democratic rights of the Formosan people, and to minimize the danger of war over the future of Formosa is this: There should be an international campaign for a free and democratic plebiscite to be organized under United Nations auspices and supervision in Formosa. The questions to be decided in such a vote would be, roughly: unity with the rest of China; independence under Chiang Kai-shek; or independence under a democratic form of government.

The United States government should agree in advance to abide by whatever decision the people of Formosa might make. The same demand should be made of the government of China and of Chiang Kai-shek. The refusal of any one of them to yield to such an obviously democratic, fair and peace-oriented solution would put the brand of the imperialist squarely on the guilty party. If the demand for such a program should become widely popular, on the other hand, it is clear that any one of the three governments which would espouse it and seek to put it into effect would by that very act win enormous political capital throughout the world.

What chance is there that any of the governments involved will actually take the initiative in proposing this kind of a solution to the conflict? It would be going too far to say that there is no chance at all, as the Stalinists might conceivably propose it with the firm conviction that their proposal would be rejected by Chiang and the United States. They could further enhance their political capital by doing so. But they are faced with one ticklish difficulty which inhibits them. If a free plebiscite supervised by the UN is good for Formosa today, why not for Hungary or West Germany or Tibet tomorrow? The idea of the common people having the right to determine freely their destiny goes against the grain of the Stalinist mentality at the very least as much as it does against the grain of the ideological woodwork of a man like Dulles.

But we do not count on governments accepting the advice of democratic socialists or of just plain democrats who see the danger and folly of

the present course. That would be too radical an innovation in the ways of the world for anyone to take its prospects seriously. What we hope for, and count on, in the long run at least, is a growing awareness among the *people*, wherever they are free to express themselves and to think, that things are going in too dangerous a direction, and something has to be done about it.

The idea of a solution in the Far East based on a plebiscite in Formosa is not something dreamed up by clever but isolated socialists in the United States. Leaders of the British Labor Party have come out for it. Leading liberal publications in the United States have been gravitating increasingly toward it. Even from within the liberal wing of the Democratic Party mutterings, perhaps dim and quiet ones, have been heard along these lines.

But announcements from Britain or mutterings in the U.S. have not been enough to sway the policy of the State Department. What is needed is, first a campaign to convince decisive sections of the labor and liberal movements that only such a solution can remove the danger of war from that area, even for the time being; and then a campaign to convince the nation. If the present crisis in the Taiwan strait fails to erupt into full-scale war, such a movement will have time to come into existence and to assert itself. In a sense, one could say that given time enough, the rise of such a movement is inevitable. But it will not come without effort—and the time may not be unlimited.

GORDON HASKELL

The Road to Beirut

Washington Takes Off the Glove in the Middle East

From Suez 1956 to Lebanon 1958. Just two years! Yet, in that brief period, the United States has run the political gamut from opposition to the British-French-Israeli adventure in Egypt to its own direct military intervention in the Middle East.

It is true that the landing of marines in Lebanon is not exactly the same as the Anglo-French military operations two years ago. Egypt was *invaded* whereas the Marines were *invited* in—by a government on its last legs. That does make a difference, we suppose. But it is not one that can make much of an impression on the Arab world. Despite legal and moral distinctions the Suez operation in 1956 and American intervention today have this much in common: both are attempts by foreign powers to impose by force their own military, economic and political ambitions on the Middle East; and both have the broad objective of stemming the tide of militant nationalism that is sweeping the Arab world.

Immediately after the Suez aggression it appeared that the strong moral tone taken in the Eisenhower administration's repudiation of this imperialist adventure might presage a new effective policy; one that could recoup some of the prestige America lost when, following Nasser's refusal to submit to Dulles' clumsy attempt at economic blackmail, the State Department reneged on economic commitments (the Aswan dam) to Egypt.

This new note of moral indignation reached its highest pitch in Jan-

uary 1957 in Dulles' response to sharp questioning from Democratic Senators who wanted to know why the U.S. appeared to be abandoning its British and French allies. Dulles, replied, in effect, that any hope of a successful Western policy in the Middle East was predicated upon our disassociation from all foreign imperialist overlords in the area. In his words:

Let me also say that if Western Europe were part of this plan [the Eisenhower Doctrine], then I can say to you that it would be absolutely doomed to failure from the beginning, because a plan for the Middle East of which certain of the most interested Western Europe nations are a part will not succeed. . . . There was no consideration of that [making a joint declaration with the British and French] because I cannot think of anything which would more surely turn over the area to international communism than for us now to try to go in there hand-in-hand with the British and French.

And, then, the unkindest cut of all:

If I were an American boy who had to fight in the Middle East, I'd rather not have a British soldier on my right hand and a French soldier on my left.

But this stern, anti-imperialist remonstration, which sounded hollow to us at the time, was soon revealed as just part of the game of international diplomacy. The British-French campaign to de-nationalize the Suez Canal was too blatant. And its timing was outrageous, following on the heels of the Hungarian revolution. The Kremlin, unmasked by the Hungarian working class, was now able to camou-

flage a hideous spectacle by belligerently putting itself forward as the champion of democracy in the Middle East. Thus, the enormous propaganda capital in store for the West was all but lost by an irresponsible exhibition of 19th century imperialism.

Blatancy and poor timing. These were Dulles' real grievances that brought on his distemper. No new policy or approach toward Arab nationalism followed his Senate testimony. On the contrary, the lapse into anti-imperialist rhetoric soon succumbed to the more genuine anti-nationalist idiom of the Eisenhower Doctrine for the Middle East. An "improvement" on the Truman Doctrine, the Eisenhower panacea made it clear that the United States would resist by force any Communist aggression in the Middle East. The Monroe Doctrine was stretched to cover the Mediterranean. What constitutes Communist aggression, of course, was left to the discretion of the Eisenhower "team."

The new presidential Doctrine was little more than an ill-concealed threat to the Arab nationalist movement that its neutralist orientation, its reluctance to place itself in the Western camp, might be interpreted as a pro-Communist policy which might have to contend with economic, possibly military, retaliation from the West.

Predictably, the Eisenhower Doctrine boomeranged. Inadvertently, it stiffened Arab resistance to the West and made Nasser's objective of a United Arab Republic of Egypt and Syria easier, and, by design, it promoted the rival-pro-Western Arab Union of Iraq and Jordan. Aside from operating as a disruptive force within the Arab world, the Doctrine provided an easy mark for the Kremlin propagandists. These were the tangible effects

of the much touted Doctrine.

Any Arab leader who expressed even a mild interest in the \$200 million offered to win acceptance of the Doctrine was risking his political future. Only two Arab countries accepted any part of the boodle—Lebanon and Jordan. In Jordan, King Hussein had to overthrow his country's more or less democratically elected parliament and cabinet and establish a military dictatorship in order to do it; in Lebanon, the civil war has its source in President Chamoun's support of the Doctrine. The Lebanese opposition viewed this support as a violation of the 1943 covenant which established Lebanon's independence and provided for its renunciation of all foreign military and political alliances.

WHILE LEBANON SUPPORTED THE Doctrine, it was challenged, not only by a wide section of Lebanese opinion that cut across religious lines, but by Egyptian-Syrian propaganda, as well. The effectiveness of the Cairo and Damascus broadcasts provoked several bizarre twists to Washington's Middle East policy. In the first place the State Department denied the right of the Syrians and Egyptians to propagandize the Lebanese. "The United Arab Republic is subverting the Lebanese regime," was Dulles' cry. And, as everyone knows, the State Department will not tolerate any subversion in the Middle East! Dulles has added some more weight to the White Man's Burden: the United States, 5,000 miles from Lebanon, is to decide whether it is good or bad for the Lebanese to listen to other Arab broadcasts, and, more than that, whether the United Arab Republic has the right to agitate its Arab neighbors.

Not content to rest his case here,

Dulles decided to pile nonsense on absurdity. The Russians, he told the world, were guilty of "indirect aggression." What exactly is the meaning of this contribution to the jargon of international diplomacy is not entirely clear. Not even its author could be precise about his formulation. But one variant of "indirect aggression," it seems is when country "a" (the Russians) propagandizes country "b" (the United Arab Republic) and country "b" relays this propaganda (subversion, of course) to the population of country "c" (Lebanon) then country "a" is the "indirect aggressor" against country "c."

Aside from the special kind of madness that brings forth such an argument from a Secretary of State, how vulnerable the United States is made by the concept! For what is the term that one would give to country "x" (the United States) which broadcasts its propaganda (subversion, of course) *directly* to country "y" (Russia). Logically, that should then be labelled "direct aggression." And, if the United States is justified in meeting "indirect aggression" by direct force, then what should the Russians do in face of the "direct aggression" (or, perhaps, "direct indirect aggression") of Radio Free Europe? More than that, doesn't the theory of "indirect aggression" lend more than just a bit of credence to the Kremlin charge that if it weren't for the American Radio broadcasts inciting the Hungarian people there never would have been the "regrettable" revolution and the "regrettable" necessity of suppressing American inspired subversion with Russian force? After all, why should anyone believe that the revolutionary activity of the Arab masses is the creature of Russian propaganda while the revolutionary zeal of the Hungarian people was not a response to the

stimuli of American radio subverters? Despite Dulles' interdiction violent propaganda attacks continued — from both directions accompanied by alleged plots and counterplots, tension mounted with the U.S. 6th Fleet cruising in Levantine waters and Russia threatening to attack Turkey in the event of a Syrian-Turkish conflict. By the middle of May the civil war broke out in Lebanon sparked by the assassination of an Opposition editor and the widespread apprehension that President Chamoun would use his majority in Parliament, based as it was upon an election whose honesty had been widely questioned, to change the Constitution and provide for his re-election. The issue was clear cut though: the Opposition wanted to change the pro-Western orientation of the Chamoun regime to one of neutrality in the Cold War and bring it closer in line with the dominant Arab sentiment in the area. The charge that the civil war was based on outside infiltration into Lebanon was laid to rest by two reports of the United Nations Observation Group in Lebanon which concluded that while there had been some movement across the border, as happens in any civil war, it was unimportant and the evidence to substantiate the charges was inconclusive.

The precarious balance in Lebanon and the Middle East continued until July 14 when King Feisal's Iraqi dictatorship was overthrown by a brief revolution which, as all evidence since then showed, had the widespread support of the people.

With the fall of the Iraqi regime, the entire Western position in the Middle East was in virtual collapse. It would no longer be possible to build a core of pro-Western states to challenge Egyptian-Syrian influence, and pan-Arab sentiment under Nas-

ser's leadership might make a clean sweep.

To forestall this, U.S. and British troops moved into Lebanon and Jordan. For a time Washington was seriously contemplating a counter-revolution in Iraq, but could not find even a core around which to build a new regime since both King Feisal, the former Regent, and Prime Minister Nuri Said had been murdered. But had these men been spared there is no reason to believe that they could have rallied any popular support. Virtually the entire population of Baghdad turned out in the streets the day after the revolution to celebrate its success.

HAD THE UNITED STATES FOLLOWED through the logic of its Lebanese intervention it would not only have had to occupy Iraq but most of the Middle East as well. Dulles and Eisenhower could not see their way clear to doing this—at least, not now. Even the *Wall Street Journal* recognized that the policy of "creating our own little principalities in the Middle East and preparing to police them endlessly" had to be rejected. Further occupation in the Middle East would not only have been tremendously unpopular throughout the world but could have led to a war with Russia; the Kremlin might well have carried out its threat to overrun Iran as its answer to American military intervention in Iraq. This, in turn, might have meant the United States and Russia plunging off their brinks into the maelstrom of total global war.

The United States neither wants nor is prepared for war with Russia, today.

Looked at from the point of view of practical politics, sending American Marines to Lebanon can be judged nothing more than a horrible, mis-

taken adventure. What has Dulles accomplished? The Chamoun regime got no more than a stay of execution; the old regime was not restored in Iraq; the humpty-dumpty Hussein regime is still fated for an irreparable fall; Nasser has gained in prestige; the Kremlin has been given a propaganda gift which it has exploited to the full; and the United States can hardly hope to play the role that it occasionally entertained for itself—that of an understanding and disinterested anti-colonial power ready to conciliate Arab nationalism.

But what is most damaging for American prestige and interests is that the mistaken adventure is turning into an utter rout with the recent accession to power of the new president, General Fouad Chehab. The marines who had been "invited" in by the pro-Western Chamoun regime are now confronted by a government with definite neutralist leanings, its new premier being Rashid Karami, a leader of the anti-Chamoun rebels. Thus the American troops, if they are to maintain the pose of defending a legitimate government, might find themselves policing the country for an anti-Western government whose troops would be hunting down pro-Western supporters of ex-President Chamoun; either that course—which is absurd on the face of it, or attempt to overthrow the new government if it continues to move in a neutralist direction—which is probably too crass, even for Dulles.

The only course that is open to Washington is an ignominious withdrawal of troops from Lebanon.

WHAT IS RESPONSIBLE FOR American reversals in the Middle East? Why hasn't the United States proved capable of developing some reasonable policy to prevent total disaster?

In the first place, it must be remem-

bered that when we are dealing with the question of policy we are also considering the human element. The recent twists and turns of the State Department, its misadventures, its bewilderment when faced by the complexities of the modern world and its inability to present a policy that can at least give the appearance of holding together in some coherent fashion for the Middle East—or anywhere else—must take into account the personal quality of American policy-makers.

And men like Eisenhower and Dulles are clearly lacking in the capacity to develop conceptions which they then try to apply consistently, or if consistency proves impossible, to read-just intelligently. If ever there was a unity between style and content in politics it can be found in any one of the president's elucidations of American foreign policy.

However, while incompetence is certainly one reason for the mess Washington has made of its foreign affairs, it would be unfair to attribute its failures solely, or even primarily, to the Eisenhower team's lack of finesse and imagination. The administration's ineptness is exceptional, but it is not unique. It does not operate in a total vacuum or in total darkness. On the contrary, Eisenhower is all too fully conscious of his class responsibility; his trouble is that he tries to fulfill this responsibility with a kind of primitive devotion and instinct.

This question of class rule and class responsibility, we believe, sets certain limits on the effectiveness of any policy designed by any administration which is obligated to defend American capitalist interests in the modern world. Adlai Stevenson is incomparably more cultivated than Eisenhower and Dean Acheson is infinitely more competent than Dulles,

but there is every reason to doubt that even this team of Democratic heavyweights could have prevented the imminent disaster for the United States in the Islamic world. They might make a better show of it, but not too much more than that.

We already have had the experience of the Truman administration which had the benefit of the skillful talents of Dean Acheson as Secretary of State. The best this combination could do was the Truman Doctrine which sought to consolidate—or secure—American authority in the Middle East with the kind of ultimatums and threats made more explicit in the Eisenhower Doctrine. But, more than that, had the Democrats been in a position to carry out their policy at the time of the Suez crisis it would have led to a national, perhaps an international, calamity. At that time the most eminent and sophisticated Democratic personalities took the Eisenhower administration to task for deserting its European allies. The Democratic Party has always given priority to the North Atlantic alliance and it is most likely that they would have either supported or sympathetically tolerated the Anglo-French aggression against Egypt rather than antagonize their European allies and weaken NATO.

Dean Acheson, writing in the *Reporter* magazine shortly after the Suez crisis, gave a candid view of what American policy would have been had he and his Democratic co-thinkers been its architects:

The canal might have been left blocked by Nasser's ships. This could give canal users like India a refreshing sense of realism. We might still start on freeing Europe from so much dependence on the canal by pipelines through non-Arab countries and by vigorous construction of large tankers. We might much more energetically hasten the day when nuclear energy could replace a substantial

portion of petroleum energy, if only on a standby basis.

There are other courses of action that might induce a more understanding and reasonable attitude in Colonel Nasser—courses of action which recall Winston Churchill's admonition to the French, quoted from Thiers: "*Think of it always; speak of it never.*"

When by our own efforts our bargaining position had been improved, a broad and imaginative economic program for the area as a whole would both be and appear to be the generous act of one in a strong position, rather than an act of appeasement from weakness. (Italics added.)

Here, then, is the face of imperialist strategy without benefit of elegant rhetoric. England and France attempt to seize the Suez Canal by military force. The Egyptians retaliate by sinking ships to block the canal. We urge our European allies to leave the canal blocked. You see, "This could give canal users like India a refreshing sense of realism." After giving neutralist India an object lesson in Achesonian Applied Democracy, we see to it that by one means or another (new pipe lines, large tankers taking new routes, etc.) European dependence on the canal is bypassed. When, through economic pressure and "other courses of action" in line with Thiers' cynical injunction, Nasser is brought to his knees, *then* the United States could offer a prostrated and cowed Middle East a "broad and imaginative economic program" which would "both be and appear to be the generous act of one in a strong position."

Can anyone doubt that if this strategy advocated by the ideologue of so many American liberals had been transformed from a *Reporter* article to an active guide for State Department policy America's prestige throughout the colonial world and in all uncommitted nations would have reached the vanishing point?

THE UNITED STATES has no principled objection to national movements *per se*. That much is true. Washington was not distraught when India gained its freedom from England and it is no secret that the Tunisian nationalist movement — whose political orientation differs from Nasser-led nationalism—had not met with any special hostility from the State Department. In such instances America could afford to be liberal: national independence did not seem to conflict with America's Cold War interests and sometimes opened up interesting commercial possibilities. But, nationalism in the Middle East! That is another matter. For the concrete forms and objectives that nationalism has taken in that area are regarded as a threat to America's political, strategic and economic interests.

The economic conflict is a matter of oil. American capital is more heavily invested in Middle East oil than in any other field in any other part of the world. It is also the most profitably invested, as labor productivity in this fabulously rich area is roughly equivalent to that in the United States while wages doled out to the Arab oil workers are about one-tenth those paid to American workers. As the demand for oil appears to be unlimited a very high percentage of the profits gushing out of the wells is being re-invested. And the threat to the oil industry of the use of atomic power as a substitute source of energy in the future acts as a further incentive to develop the oil fields even more extensively today.

From its enormous profits, and inspired by the prospect of endless riches, American capital has served as a corruptive economic and political influence in the Middle East where administrators and monarchs have been bribed and bought.

The danger for private foreign capital from Arab nationalism is clear: it threatens to nationalize the oil fields. That would not only eliminate a most lucrative area to plunder, it could become a threat to the oil industry in the United States as well. The Middle East produces two-thirds of the world's supply of oil. Bearing in mind the high productivity of labor and low labor costs, Arab governments could easily drop the price of oil on the world market to the alarm of their American competitors.

This drive of Arab nationalism for control of its own oil resources is not only a matter of prestige or propaganda. It follows from the peculiar character of most oil enriched Arab lands that any movement which seeks to raise the Arab masses out of the depths of poverty (and to instill in them a sense of national pride and personal dignity) must utilize the enormous revenues from the oil fields for more constructive purposes than fat dividends to foreign investors and bullet-proof cadillacs for reigning sheikhs. Most Arab lands have highly efficient oil fields — but practically nothing else. Other industrial enterprises are primitive by comparison, much of the land is barren and what is under cultivation is usually unproductive. However, the revenues that would accrue to an Arab nation in control of its own fields could provide the money necessary for wider industrial development and, above all, for executing large irrigation projects without which all talk of land reforms and increased agricultural production is of limited meaning.

It is true that not all Arab countries rich with oil could productively invest in their own economies all the income derived from nationalized oil fields. This limit to productive internal investment limits the value of oil na-

tionalization for a particular country; but it doesn't eliminate the enormous immediate advantages. Moreover, where Iraq is rich in oil, Egypt is not. The surplus monies which Iraq could not productively use today in its own country could be used in Egypt for essential, vast water projects that it cannot finance. The well-being of the Egyptian economy, in turn, particularly its agriculture, could be of political and economic assistance to Iraq.

The American government — be it Eisenhower or Stevenson at the helm — cannot be indifferent to Arab nationalism's inherent threat to American investment. It would be a crudity, however, to insist that the Marines have landed in Lebanon only to protect American capital. In addition to this concern the Americans can hardly afford to lose control of an element — oil — that is so vital to the economic and military needs of their European allies who are almost wholly dependent upon the Middle East for their supplies. There is no cause to believe that, today, the Arab world, if it controlled oil, would cut itself off from its Western market. Where else can its oil be sold? But there is no assurance, either, that tomorrow the Middle East will not find other markets or use such control of oil for political-retaliatory purposes against the West. The best way to avoid this danger is to frustrate the nationalist encroachment on Western capitalism's private oil preserves.

TO EFFECTIVELY CONTROL its oil reserves, to institute land reforms and further these reforms with income from oil, to develop its industries and to modernize and extend its educational facilities, the nationalist movement is brought into head on collision with pashas and sheikhs, with landowners and corrupt officials, with

those bound by tradition and others bound to the bribes and munificent salaries paid by foreign oil companies. Thus, the nationalist offensive inevitably evolves into a revolutionary struggle on several fronts: against the foreign enemy, against the ruling bureaucracy and against outmoded social institutions. And political reality has proved that the nationalist movement cannot carry on this struggle for independence and reform if it is committed to the West in the Cold War. How could Arab nationalism fight against the pernicious influence of the British owned Iraq Petroleum Company and, simultaneously, declare itself politically committed to the West in the Cold War?

Once this nationalist movement took a definite neutralist direction, the United States was forced to adopt a harsh policy. Washington wants stability in the Middle East; but it also needs a political commitment. At one point the State Department hoped to promote stability in the Middle East above all, in Egypt, with land reform programs. (These land reforms were limited to promoting credit and cooperative marketing and the like; they were not designed to reform the basic inequities of ownership and income which related to the fundamental organization of Egyptian society.) Now the accent has changed. The quest for stability plus political commitment plus the need to protect oil investments has led Washington to seek out and support the most reactionary elements in the Middle East: the sheikhs, landlords, monarchs and lackeys who know that the advance of Arab nationalism is a threat to their political power and wealth. This is no longer a theory. It is proved by recent events in Iraq, Lebanon and Jordan.

Naturally, Washington feels compelled to clothe its Middle Eastern

allies in democratic dress. Thus the nation and the entire world were recently treated to the spectacle of Washington propagandists mounting a democratic halo around a Cadillac-loving absolute feudal monarch who was then paraded before the public as a staunch ally of democracy in the Middle East. That Ibn Saud, far from being a real live version of Rudolf Valentino, is the ruler of one of the most barbaric sheikdoms in the Arab world — where a thief can have his hand cut off, or a man's head be placed on a chopping block for even lighter offenses — was of little importance; Saudi Arabia *was* — that is no longer certain — part of the pro-Western bloc and rich in oil which is all the credentials one now needs in the Middle East for receiving Washington's benedictions.

The royal welcome Washington gave Ibn Saud is typical of the American approach that has given the Kremlin the political opportunity it has been seeking in the Middle East. Russia has no record of economic penetration in the Middle East; and no history of political involvement before the war. In this sense, it begins with a clean bill of health in the eyes of thousands of ardent Arab nationalists. Furthermore, the fact that the Kremlin has no prior history in the area, removes whatever restraints might otherwise exist to its demagogic support of Arab nationalism. Every reactionary move by the Americans, therefore, can be easily exploited by the Kremlin for its own imperialist, global interests. Dulles repudiates economic commitments to Egypt, and Russia enters the scene with promises of economic aid; Americans sponsor the Baghdad Pact, and the Russians join the Arab nationalists in denouncing it; Washington places its trust in the most reactionary social elements and

the Russians become the champions of social change (at the same time as they maintain most friendly ties with the absolute feudal sheikhdom in Yemen); where the Americans send Marines to Lebanon the Russians supply the United Arab Republic with arms.

The tremendous propaganda capital which naturally accrues to the Russians is not limited to the Middle East. With the world's attention focused on the area the Kremlin appears as the champion of underprivileged peoples in the eyes of many millions throughout the colonial world. It was not for nothing that Khrushchev recently proposed a toast to the Kremlin's best friend — the American Secretary of State, John Foster Dulles.

WITH THE PERIOD just after the end of World War II the Arab masses, immobilized for centuries, began to move out of their lethargy and, in the decade since, Arab nationalism has evolved into a movement of such power and passion that even the most obtuse should be able to recognize it as an irreversible national revolutionary force. It must be accepted. But not merely because it is inevitable. Its aim is also just. Ending the power of the foreign pashas will not automatically guarantee that the best of all possible worlds will immediately emerge in the Middle East. It would, however, permit a start in the right direction. How else could a more stable and democratic society arise if not through the unleashing of Arab energies and potentialities, the precondition of which is national independence?

But if we sympathize with the overall objective that does not mean that we endorse all the specific forms that nationalism has taken and all of its methods and all of its programs. There are a number of specific poli-

cies pursued by the dominant nationalist current, Nasserism, which cannot be endorsed. A detailed discussion of these objections is beyond the scope of these *Notes*. However, they must be mentioned to avoid any misunderstanding of our views.

First, the Arab nationalist movement has taken an indefensible position vis-a-vis Israel. It proclaims without any equivocation its intention of totally destroying the Jewish State. That the Arab world has legitimate grievances against the Israelis can not reasonably be challenged by democrats. But Israel is a fact; it is a State and not a mere Zionist plot. It is also the most advanced state in the Middle East, socially, culturally and economically, with a labor and socialist movement that is powerful and a parliamentary system that is far more democratic than exists anywhere in the Arab world. In addition, it must never be forgotten that Israel provided a refuge for hundreds of thousands of European Jews who escaped Hitler's slaughter chambers. Without Israel where could these tragically uprooted have turned? (The argument offered by Arab intellectuals that Israel is not justified because the Jews are not a "nation" culturally is callous and irrelevant; perhaps they are not a cultural entity but the Nazis failed to see this fine point and their persecution of the Jews has resolved any question that they are a dispersed people with certain common problems and interests.)

Second, the nationalist movement wherever it has come to power has not replaced the political rule of the old ruling class with political democracy. In Egypt and Syria opposition political parties are not permitted. This policy, indefensible from a democratic point of view, flows from a basic distrust of the masses which Nasser has

frankly admitted to in his important book, *Egypt's Liberation: The Philosophy of the Revolution*.

Our third objection concerns the nationalist attitude toward Russia. The charge that there is a Khrushchev-Nasser axis is an absurdity that has gained currency in certain liberal quarters. There is no such axis. All one has to do is to look at the speed with which the Communist Parties are smashed wherever nationalism takes power to see how silly the charge really is. The dominant nationalist movement is not at the service of the Kremlin, but, neither has it publicly repudiated the Kremlin. The Nasserites, in exchange for the "support" given them by the Russians, are playing along with the Russians, conciliating them, sometimes praising them (at the same time that they are wary of them). Thus, at the United Nations political

debates on Hungary the Arab nationalists did not denounce the Russian suppression of the Hungarian revolution and the United Arab Republic has refused to support the recent motion that the U.N. investigate the murder of Imre Nagy. There is no moral or political justification for this public indifference to Russian totalitarianism. What is more, by pacifying the Kremlin, the Arab nationalists are pursuing a self-destructive policy, because the fundamental interests of totalitarianism and nationalism are irreconcilable. If Russia builds up a popular base among the Arab masses and intellectuals, the present Arab nationalist leadership might rue the day it decided to subordinate criticism of Russian totalitarianism to what it considers its immediate interests.

JULIUS FALK

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Despotism's Fortress in Asia

Is China Ruled by a New Democracy or a New Class?

The seizure of power by the Chinese Communists is one of the most important events of the twentieth century. For Communism has triumphed in a land populated by over 500 million people during an era of epochal colonial upheavals and, more than that, China offers the colonial world a disguised alternative to capitalist-imperialist exploitation — totalitarian industrialization.

What kind of a power is this that looms so large in our time? What are its prospects for the future?

On the one hand, there are those who distinguish sharply between Maoism and Stalinism, who believe that the Chinese path of totalitarianism will be less brutal, temporary and more democratic than the Russian. A recent study, *The Political Economy of Growth* by Paul A. Baran (Monthly Review Press, 1957; \$5), can be taken as a comprehensive and serious statement of this point of view. And on the other hand, there is the attitude which maintains that the dynamic of totalitarian industrialization, with its emphasis on heavy industry and its restrictive control of the consumption of the masses, will lead toward a new form of class society. This view was recently argued in Ye-gael Gluckstein's *Mao's China*.

It is the thesis of this article that the latter analysis is correct, that China under Communism represents the bastion of bureaucratic collectivism in Asia, that it is one of the most powerful forces against socialism, against democracy, in the modern world. In order to document this, let us turn first to the way in which power was seized by the Chinese Communists and the result-

ant class relations, and then to the actual policy of the Government, the grim reality which contrasts so much with the statements of hope and of socialism.

IN 1932, LEON TROTSKY made a remarkable prediction—the full implications of which he himself did not understand. He wrote,

The absence of a strong revolutionary party and of mass organizations of the proletariat renders control over the commanding stratum virtually impossible. The commanders and commissars appear in the guise of absolute masters of the situation and upon occupying cities will be rather apt to look down from above upon the workers. [And] In old China every victorious peasant revolution was concluded by the creation of a new dynasty. . . . Under the present conditions, the peasant war by itself without the direct leadership of the proletarian vanguard can only pass on the power to a new massacre of the workers with the weapons of "democratic dictatorship."¹

Half of Trotsky's prediction came true. The Chinese Communists *did* take power without the intervention of the urban working class and on the backs of the peasantry. After the disastrous Stalinist policies of the Twenties produced a crushing defeat of the revolution, the workers turned decisively away from the Communists and were not to come into contact with them until the late days of the Civil War in the Forties.² Indeed, even in the last stages of the rise to power, an observer quite sympathetic to the Communist cause wrote, "The Chinese Communists were quite weak in the cities; the Chinese proletariat did not represent a sufficiently strong

force; and this is why a movement for the general strike could not provoke a rebellion in the army."³

But Trotsky was mistaken in his prediction that such a conquest of power would lead to the establishment of a bourgeois regime. This error followed, of course, from his general characterization of Stalinism as a "centrist" force with strong tendencies to capitulate to capitalism. In reality, as we shall see, the Communists, *once they seized power*, established themselves as a new class force, hostile to bourgeoisie, workers and peasants. The crucial point is that Chinese Communism came to power without any major intervention on the part of the working class. Its motor force was the action of the peasantry. And once in power, its policy conformed perfectly to Trotsky's analysis in one basic respect: the commanders and commissars appeared in the guise of absolute masters of the situation and "looked down" upon the workers—or rather, established a repressive regime against the workers, against the entire nation.

In a very perceptive comment, Harold Isaacs characterized the Chinese Communist movement in this way:

During the decades following 1927, the CP had become a party of de-urbanized intellectuals and peasant leaders whose main strength lay in the military force which they created and with which they ultimately won power. Apart from its broadly agrarian character and pre-occupation, this party and this military force had no consistent class base through the years . . . it shifted from one section of the peasantry to another, now seeking the support of the lower strata, now of the upper strata, at times adapting itself without difficulty even to the landlords. *It came as a force from the outside, bringing its program with it.*⁴ (Emphasis added.)

And yet, when the Chinese Communist Party entered the cities, a certain

prestige still adhered to it. It had, after all, led a victorious struggle against the hated Kuomintang; during various periods of its turn toward the lower peasantry, particularly after 1946, it had carried out a program of land reform. In the period immediately after the Communist conquest, there was activity on the part of the working class in some areas—up to the confiscation of factories in the case of the Liench'ang iron works in Tienstin. These revolutionary manifestations were, of course, immediately put down. In their place, the workers were given the "right" to have "Factory Committees." But, as the regulations made plain, "If a decision passed by a majority of the Factory Committee shall be judged by the Head of the Factory (or the Manager) to be in conflict with said Factory's best interests, or when the said decision shall be in conflict with the instructions of higher authority, the Manager or Head of the Factory is empowered to prohibit its implementation."⁵

Thus it was that this "socialist" force maintained an "All China Federation of Trade Unions" which defined its purpose in the following way: "to ensure and consolidate labor discipline, correctly organize labor, fully and rationally use working hours, raise labor productivity and turn out quality products." Any reference to the defense of the rights of the workers was, of course, omitted. More recently, Chung Ming, chairman of the Shanghai Trade Union Council, told Walton Cole of Reuters that "The trade unions are organized to enable the workers to accomplish the state plans and observe the laws promulgated by the state."⁶

Nevertheless, the camouflage of "workers' rights" is still insisted upon by the Chinese Communists. At the

eighth All-China Trade Union Congress held in Peiping in December, 1957, Lai Jo-yu, President of the Federation, announced a wider basis for the shop committees. After outlining all the rights of "suggestion" enjoyed by the workers, he carefully stipulated that all this was to be "under conditions that the rights of the management given by the state in carrying out its work are not infringed upon."⁷ And on May 13, 1957, the *People's Daily*, official organ of the regime, stated its horror at the fact that workers had . . . gone on strike. This followed, by some two or three months, Mao's affirmation of the right of the workers to strike.

In short, the Chinese Communists turned upon the workers as soon as they took power. They disarmed whatever revolutionary committees there were; they denied the right to strike; they established fraudulent unions whose real function was to maintain labor discipline and to increase productivity. In all of this, there is not the least shred of evidence to suggest that we are dealing with a state representative of the working class in any way.

The peasantry fared no better. The Chinese Communists had a long history of a zig-zag policy with regard to the peasants. In the period immediately after the destruction of the Revolution in the Twenties, there was the establishment of peasant "soviets." But this experiment was short-lived. In the years that followed, the fundamental mechanism which determined Communist land policy was the course of the struggle with the Kuomintang. In Mao's famous pronouncement on "New Democracy" in 1940, he stated that the new republic "will adopt certain necessary measures to confiscate the land of big landlords and distribute it among peasants. . . . This is not to build up socialist agriculture, but to

turn the land into the private property of the peasants. The rich peasant economy will also be allowed to exist in the rural areas. . . ."

And indeed, in the period of the final phase of the Civil War, the Communists were quite successful in appealing to the masses of the peasantry. After some hesitation, they announced a program for land reform in 1946, and it was this act (coupled with their previous work among the peasants) which secured them a wide basis of support. Thus, when power was taken in 1949, the standard line was that the task of the government was to carry out the bourgeois revolution as a stage on the way to socialism.

For that matter, during the period of consolidation of power (roughly 1949 to 1955), there were continued reaffirmations of the right of peasant property. On February 15, 1953, the Central Committee of the Chinese Communist Party stated,

On the basis of present economic conditions, the individual economic system of the peasants will necessarily continue to exist and expand for a long time to come. It is even necessary to permit the continued development of the economic system of the wealthy peasant. Moreover, the Common Program states that the peasants' ownership of land will be safeguarded wherever the agrarian reform is carried on.⁸

But this line of accommodation toward the peasantry lasted only until 1955 (and it was often contradicted before then.) On July 31st of that year, Mao announced the massive swing toward collectivization. In his report, he emphasized that

socialist industrialization cannot be separated from the development of agricultural cooperatives, not be undertaken by itself. For one thing, everyone knows that in our country the production of *marketable grain* and of raw materials for industry is at present at a very low level,

while the country's needs in this respect are increasing every year. . . . During the period covered by the three Five Year Plans, we must manage to arrive at some radical solution of the problem of agricultural cooperatives.⁹

In other words, the determination of the regime to industrialize was the main factor forcing the decision to engage in large-scale collectivization. In Mao's report, it was made clear that this was done against considerable opposition within the Party itself (which is, after all, overwhelmingly peasant in social composition).

The result of this policy was a massive flight from the land into the cities.¹⁰ It resulted in such a crisis of the regime that Mao made his speech of February, 1957, "On Contradictions" in which he tried to mollify the opposition. This, as is well known, failed and was followed almost immediately by the violent campaign against the "rightists," i.e., against anyone who raised his voice in minimal criticism of the regime. But of this development, more a little later on.

In summary, then, the Chinese Communist policy toward the peasant has been dedicated to a line of super-exploitation in order to obtain surpluses for investment purposes. This has been met by violent resistance, and has strengthened all the totalitarian aspects of the state power. For that matter, this totalitarianism is inherent to Communist China, since it is the only way in which such a program of forced industrialization can possibly be carried out. But even here, we must be careful not to simplify for the totalitarian power itself is wracked by its own crises. Bureaucratic planning has resulted in enormous waste, and this has introduced an element of instability into the regime. In 1956, for example, a general overestimation on the part of the planners, coupled with

a series of natural calamities, led to a lop-sided development. Consequently, 1957 was a year of cut-back and repression, and the "anti-rightist" campaign was inextricably linked with this fact. Nevertheless, the Communists have maintained their power, and done so, even with their disastrous mistakes, by fighting against the peasantry, by exploiting them through terror. In one brief period, over half a million peasants were rounded up in a single Chinese city and sent back to the countryside!

THE CHINESE BOURGEOISIE has, of course, been completely subjected to the power of the state apparatus. This has not, however, meant total control. In part, Mao's policy toward the capitalists is historically conditioned. During the last days of the Civil War, the Kuomintang regime had become so corrupt and repressive that it had even alienated a good sector of bourgeois opinion.¹¹ Gluckstein quotes a leading capitalist weekly in Hong Kong on the eve of the Communist seizure of power:

The remaining foreigners in Shanghai are looking for an improvement when the Communist-appointed administration will assume control; as it has been for the last three-and-a-half years, life appeared to many as intolerable in chaotic Shanghai.¹²

But this policy of concessions toward the bourgeoisie, like the similar attitude taken toward private peasant property, was to be a temporary affair. Having established the regime and achieved some economic order, the Communists launched the "Five-Anti" campaign. Hundreds of thousands of private holdings were investigated, and the state announced that it had discovered illegal profits of over two and a half billion dollars. After this campaign, and the resultant fall in

production, there were other attempts to conciliate the capitalists, but all within the context of tight state control. Moreover, the commanding heights of the economy are completely statified. As early as 1952, the regime announced that

nationalization extended to about 80 per cent of the heavy industry, and 40 per cent of the light industry; the government operated all of the railways and about 60 per cent of the steamships plying the home waters; it controlled 90 per cent of all loans and deposits through the People's Bank; finally state companies were responsible for about 90 per cent of imports and exports, for about half the wholesale trade and for about 30 per cent of the retail trade.¹³

At the Eighth Congress of the Chinese Communist Party, a program of continuing statification was laid out. Typically, it was proposed that the old capitalist apparatus in a factory should be assimilated into the state management upon nationalization.¹⁴ And even now, the "joint" state-private companies, and the state power of taxation and investigation (as in the "Five-Anti" Campaign) mean that bourgeois enterprise is on sufferance, that it has a temporary lease on life, and will be tolerated as long as it maintains a certain efficiency of production. To see in such a pattern (as some socialists do) a capitulation "to the right" is truly an incredible feat of theory.

In other words, the Communist regime of China has carried out a war against the three major and non-ruling classes of the nation: against the peasants, the workers and the bourgeoisie. Each class has, in its own way, felt the lash of state power. At the same time, the growing totalitarian might of the state has provided a position of privilege for the Communists themselves. These have not yet reached the level of the Russian bu-

reaucrats—the wealth of the nation being exploited is not as great as that of Russia—but it is growing. Indeed, the path of privilege in China has been made easier because of the Russian experience. In 1952, the *People's Daily* was able to editorialize on "The Incompatibility of Socialism and Equalitarianism."

During the period of criticism which operated after Mao's speech on letting "a hundred flowers bloom," Chang Po-cheng, assistant director of the Teachers' College Propaganda Department, and Hwang Chen-lu, editor of the college review, made a joint statement at the Teachers' Training College of Shenyang. In part, they said, "The Communist Party having set itself up as a privileged class, we find worthless Communists at all the important posts. . . . Certain militant Communists are drawn to high salaried public offices like flies to a dish of honey, and these activists set up barbed wire fences and an iron curtain between the Communist Party and the people."¹⁵

All of this gives us a picture of the regime which emerged from Mao's conquest of power in 1949. After winning a victory on the basis of peasant support, the Chinese Communists turned against the peasants; turned on the workers and bourgeoisie; embarked on a program of forced heavy industrialization; and began the work of creating a series of class privileges for the members of the Party. In short, we have a near classic case of bureaucratic collectivism, of the power of a bureaucratic class resting upon its control of statified industry.

OUR DISCUSSION, SO FAR, relates to Paul Baran's recent book, *The Political Economy of Growth*. For Baran has developed an image of underdevel-

oped societies pursuing the path of totalitarian accumulation (and therefore, one would assume, of China above all) which is sharply at variance with the interpretation in the first section of this article. His study is a serious one (and by no means confined to this one subject), and deserves careful treatment and analysis. In dealing with it, we will initially be concerned with Baran's generalizations and then relate them to the actual experiences of the Chinese Communists.

Technically, Baran's book is not addressed to totalitarian regimes like China, but nations like India. And yet, the real heart and soul of this study is the author's commitment to a Communist-type accumulation of capital. That, obviously, is the guiding principle of his theory which is much more than a simple economic critique of waste under capitalism; it is a program for Communism in Asia, a justification for it.

Here are the main points of Baran's thesis:

. . . contrary to the commonly held view that receives a great deal of emphasis in Western writings on underdeveloped countries, the principal obstacle to their development is *not* shortage of capital. What *is* short in all of these countries is what we have termed *actual* economic surplus invested in the expansion of productive facilities. The *potential* economic surplus that could be made available for such investment is *large in all of them*.¹⁶

The principal obstacle to rapid economic growth in the backward countries is the way in which their potential economic surplus is utilized.¹⁷

And if Professor Mason . . . objects to the "extraordinary rapid rate" of increase of national income that can be attained in a socialist society because it would depend on a "totalitarian regime exercising the weapons of terror (and) . . . squeezing standards of living . . . that no democratic state could possibly

accomplish," he does not note the fact that such terror as has taken place in the course of all social revolutions—frequently excessive, always painful and deplorable—represents the inevitable birth pains of a new society, and that such squeezing of living standards as has occurred has effected primarily, if not solely, the ruling class whose excess consumption, squandering of resources and capital flight had to be "sacrificed" to economic development.¹⁸

There can be doubt that such a revolutionary break with the centuries-old backwardness of the antediluvian Russian village could not have been achieved with the consent of the irrational, illiterate and ignorant peasantry. . . . What is decisive . . . is whether the changes that do take place actually correspond to society's objectivity extant and objectively ascertainable needs.¹⁹

From these representative quotations, it is clear that Baran stands for a totalitarian (if necessary) mobilization of the considerable resources of underdeveloped societies for the purpose of creating socialism. And the specific points which I would like to emphasize by way of analysis are: the extent, and the source of the economic surplus which Baran believes is available; the difficulties of *even* a totalitarian mobilization; the fact that such a technique cannot lead to socialism.

First, there is Baran's confident assumption that a considerable surplus *already* exists in these societies—that they are not short of capital—and that the only problem is rational mobilization and investment of the existant surplus. On this point, we can do no better than to heed an analysis made by one who is in sympathy with Baran's general friendliness toward Communist industrialization. The following quotation is from Number 3 of *The New Reasoner* (an English publication which is the organ of a group of ex-Communists, almost all of whom still regard Russia and China as some kind of a socialist formation), and

was signed by "A Contributor." It is a devastating critique, and, in its second paragraph, considerably more frank than anything in *The Political Economy of Growth*

The chief criticism is that a rather facile view is taken of economic growth once the socialist revolution is accomplished. This appears to stem in part from Professor Baran's own qualitative estimates, and from Dr. H. Oshima's unpublished quantitative estimates, of the potential surplus available even at the current level of output of backward countries, but wasted by their present economic and social systems. According to Dr. Oshima's estimates, which Professor Baran quotes, the wasted surplus was, in Malaya (1947) 23 per cent of gross national product, in Ceylon (1951) 20 per cent, in the Philippines (1948) 16 per cent, in India (undated) 10 per cent, and in Thailand (undated) 26 per cent. No indication is given as to how these estimates have been compiled. But if the same conceptual basis has been used as that adopted by Professor Baran, then they substantially overestimate the potential available for mobilization in the service of economic growth. In the first place, Professor Baran includes in the potential surplus all military expenditure. But the socialist revolution will not bring the backward countries into some hypothetical world united in a socialist commonwealth which will enable them to dispense with armies and armaments. Secondly, Professor Baran's potential surplus involves some double counting. He includes not only the excess consumption of the upper income groups, but also of the output of workers engaged in manufacturing "luxury articles of all kinds, objects of conspicuous display and marks of social distinction." But the latter are what the rich consume all over again.

The tremendously high rates of economic expansion in the Soviet Union and the countries of Eastern Europe have been achieved not merely by the mobilization of Professor Baran's potential surplus, but also by freeing resources through an initial reduction in standards of living of the bulk of the population, which is excluded from Professor Baran's concept.²⁰

Clearly, I do not share the general

political attitude of this critic, and his sympathies for Communism in particular. But this is exactly what makes his over-all analysis the more telling—for he does agree with Baran.

Now, let us turn to the actual situation in China and attempt to give flesh to a more extended criticism of Baran's statements. According to the *Political Economy of Growth*, we should expect to find in China (a) that investment is obtained from the surpluses of the old ruling class and of imperialism; (b) that therefore there is no decrease in the consumption of the masses, or only a relatively small decrease.

To begin with, Chinese Communist sources themselves contradict Baran's point of view. The major source of extracting surplus, if we are to credit Mao's speech of July, 1955, is through the collectivization of agriculture, i.e. through the exploitation of the peasantry. This, as we shall show, does not simply mean the allocation of the old profits to social investment, but rather it is achieved through decreasing the share of the peasant (and the worker) in the increased productivity of the nation—that is, through the restriction of the consumption of the masses.

In terms of real wages, our problem is complicated by the difficulties attendant upon obtaining valid statistics. It is possible, for example, to make a favorable comparison between a post-1949 year and various years during the Civil War. By December of 1949, the inflation had reached such a level that, if the period of July 1936 to June 1937 is taken as the base of 1, prices were: food, 11,600; agricultural food stuffs, 12,293; animal products, 10,089 and so on. Even making allowances for this situation, we can definitely establish that it is

the peasants who have, in the main, paid for the new investment, and paid in living standards; and that the workers have also been tremendously constricted by the regime.

There is, for one thing, a "scissors" between countryside and city, that is, an economic mechanism which puts the peasant at an enormous disadvantage. Communist sources indicate that the prices of manufactured articles were increasing at a much faster rate than those of agricultural products.²² And a year after the collectivization drive was begun by Mao, one correspondent reported that the *People's Daily*

declared that the situation was not bad from the economic point of view, and that state control had resulted in increased productivity. But, it added that from the political and psychological point of view the situation was deplorable. . . . Indeed, the whole scheme had fallen down on one fundamental issue: the earnings of the peasant had not increased.²³

Thus, contrary to Baran's model, the source of surplus from investment was not simply a utilization of the *old* (monopolized by imperialism and the native ruling class) potential, but a result of the increased *exploitation* of the peasantry (using that term in its "classic" sense as designating the ratio between the paid and unpaid portions of the working day).

The situation of the workers is, of course, somewhat better than that of the peasantry. However, all government figures must be used quite critically, since they usually do not indicate the amount of wages that is "contributed" to one or another cause imposed by the regime, e.g. the Korean War. But even given these difficulties, Gluckstein's conclusion, after balancing the available statistical information, was: "This rough calculation suggests that real wages expressed in

dollars or pounds of constant value, have probably not changed much one way or the other since more than thirty years ago."²⁴ Again, it must be emphasized that this is in the context of increased productivity, and that a stable level of wages thereby signifies an increase in exploitation.

But we need not stay on the ground of statistical speculation. There is, for example, this very interesting statement of the *People's Daily* in September, 1957. It is from an editorial entitled, "We must Try to Reduce the Consumption of Cereals in the Town."

The standard of living in the towns having always been relatively high and the consumption of cereals fairly important, will not the townsfolk grumble at the Party and the government now that they are being asked to reduce their consumption? . . . In order that town dwellers may actively support the slogans calling for reduced consumption, we need only explain to the people that the economies effected in the case of cereals are of great political and economic significance for the consolidation of the alliance between workers and peasants.²⁵

This kind of evidence is sharply opposed to Baran's thesis of an accumulation primarily derived from curtailment of the profits of the old, parasitic classes. We have instead a picture involving two elements: the possibility of an absolute decrease in living standards (suggested by the *People's Daily* editorial); and the certainty of a relative decrease, that is, of the increase of the surplus which is taken away from the producers. This is not to argue that there is a wide-spread immiseration as compared with the era of the Koumintang. It is merely to document the question of who is paying for all those steel mills. Baran's theory would suggest that the answer is the old profit-makers. The reality is to the contrary: never having been asked about

it, the workers and peasants are paying.

It must be emphasized that none of this should be taken as a denial of the technological accomplishments of the Chinese Communists nor as a theory of galloping immiseration. Through the stabilization of currency, the creation of a unified economy and other actions of the Communists, there has been a rise in real wages in many sectors of the country. But even here, this fact must be seen in context. As the United Nations *Economic Survey of Asia and the Far East, 1957*, pointed out, the priority of capital over consumer goods has given rise to very real inflationary tendencies in China. To counter this, the regime has employed two main measures. One is the direct restriction of consumption through rationing. The other is the standard Stalinist technique of siphoning off purchasing power (after the "real" wage figures have been trumpeted to the world) through demanding "voluntary" subscriptions to bond issues, contributions to campaigns, etc., and through forcing peasants to sell surplus grain at state prices rather than at the higher level of a local market. Thus, we must also take into account the various techniques of depriving the masses of at least part of their apparent gains.

Finally, a few other points about the source of investment surplus and living standards should be cleared up.

As was mentioned before, the regime itself is conscious of the locus of its surpluses. That is why Mao, in his speech of July, 1955, argued for collectivization as a means of solving "contradictions between our requirements in *marketable grain* and industrial raw materials—which are increasing each year—and the present very

low level of output of the principal agricultural products."²⁷ Those who believe that this has been done by simultaneously raising the level of peasant living standards had better pay more attention to the Chinese Communist press. For some time now, and particularly since the collectivization drive, there have been regime reports of a "Blind, massive" flight of the peasantry to the towns. The most recent statement of this theme can be found in the dispatches to the *New York Times* from David Chipp of Reuters (who recently returned from China).²⁸

Indeed, the most obvious sign of peasant discontent has been the introduction by the Communists of a system of internal passports—that hallowed technique of the most reactionary tyrannies. It is now impossible to move from one place to another without official permission.²⁹ This, most observers agree, was aimed at the peasant resistance and flight to the cities. It hardly corroborates the Baran thesis of the "easy" transition.

And then, we must take unemployment into account as another social cost of the heavy industry policy. According to a Hong Kong dispatch in 1957, it appears that the jobless now total "many millions"³⁰ in China. The root of this situation, admitted by the regime, is that the headlong emphasis on building up a lop-sided economy with a huge heavy industrial base has not kept pace with the population growth. (Incidentally, Baran is a classical "anti-Malthusian" which is a luxury which even Mao cannot afford. In 1956, the regime reversed its previous line and came out in favor of birth control and changed the laws on abortion.)

Finally, another group paying a high price for industrialization are the students and intellectuals, partic-

ularly those who took the "hundred flowers" speech seriously. In the February 6, 1958 issue of *France-Observateur*, Francis Fejto reports the deportation of a *million* such people to the collective farms. This is one method of solving the manpower problem.

To summarize this criticism of Baran's first proposition: the evidence does not indicate that the problem of China's development has been one of mobilizing a potential surplus which had previously been dissipated by the ruling class. On the contrary, the exploitation of the workers and peasants has been the mainspring of accumulation; and this has been done without raising the living standard of the masses appreciably, indeed it has sometimes resulted in an absolute decrease in consumption. Thus, *even with a totalitarian apparatus*, there is no easy transition to industrialization in an underdeveloped country which relies primarily on its own resources. Baran's view not only does not illuminate the actual facts of the situation—it leads to a political assumption of a degree of satisfaction and support for the regime on the part of the masses that is contradicted by everything we have learned from China in recent years.

THERE IS ANOTHER PROPOSITION in Baran's thesis—more implicit than stated. Since he posits the primary problem as one of mobilizing actual potential, and in doing so contrasts the techniques of totalitarian industrialization to those of the state capitalist road (India), Baran is implicitly arguing in favor of the efficiency of totalitarian industrialization. For here, to be sure, we do have an enormous mobilization of resources. However, this factor—present, for example, in the great strides of Russian rocket research and production, or in the undeniable material advances made by the Chi-

nese Communists in heavy industry—must be seen in a larger context, and that includes bureaucratic mismanagement, the inefficiencies of totalitarian planning.

The democratic socialist concept of social planning is based on the idea of policy control by the people themselves, and a constant exchange of information between central agencies and local groupings. But under conditions of totalitarianism, these checks on the errors of the planners are simply not present—and the conditions for appalling waste are created. Khrushchev's speech on the decentralization of the ministries gave us a view of the fantastic situation prevailing in Russia up until two years ago (and there is every likelihood that the fundamental problem remains since only the structure of the Russian system was altered, and not its basic premise). And in China we can see similar situations developing. Indeed, there is evidence that the Chinese Communists are attempting to follow the Russian lead in a "decentralization" program.³¹

The case of the plow is the most recent, and illuminating example, indicating the problems of totalitarian planning. Recently, China has been in the midst of a severe agricultural crisis. The over-ambitious plans of 1956 ran into peasant opposition and severe natural calamities. And the 2,500,000-ton grain increase in 1957 was the smallest increment to be reported under a five year plan.³² In December, 1957, an agriculture ministry spokesman told a Reuters correspondent that it is an "open secret" that some peasants and cooperatives still "affected by old ideologies" are engaged in hoarding.³³ Moreover, since the new birth control campaign has not yet proved effective the regime is faced

with the problem of finding food for an annual population increase of 13,000,000 consumers.³⁴

In this context, it is obvious that the development of agriculture is of prime necessity for Mao. And yet, during the first half of 1956, the Communists manufactured 1,400,000 plows which were . . . useless!³⁵ The plans were copied from a Russian model which had been designed for broad flat wheatlands—and were almost completely unsuited for the terraced, intensive agriculture of China. In addition, they were so heavy that one farmer could not drag one of them over the ridges between fields, and two water buffaloes sometimes balked at pulling them. And yet, according to the monthly *Planned Economy* of December 23, 1956,³⁶ the plows were sold to regional distributors by “various compulsory means.” Those farmers who received one called them “plows for hanging up purposes.”

This is what was behind those charming pictures of Mao turning a furrow himself. Such a ritual has long been associated with the Emperor; but more importantly, it was a cover up for a huge waste of resources.

In a very interesting article, “Research and Freedom in Undeveloped Countries,”³⁷ Stephen Dedijer summed up the effect of this bureaucratic waste on scientific research:

This danger is also present with respect to the role of industry in developing research. The primitive peasant agriculture and small industry—mostly extractive or manufacturing a narrow variety of goods by primitive factories for the local market—never had nor even felt the need for research. There may exist a danger that when the industry starts developing under the narrow policy of “economics is primary” it contributes little to the formation of a research policy. This can occur in the general atmosphere of a dictatorship when there is little incentive

for the individual enterprises to develop new products or improve or produce more of the old. It can occur if there is too much planning and bureaucratic control and interference in the economy. . . . In a country that has failed to open up the channels of communication, there is grave danger that a hit-and-miss research policy based on unrealistic, purely political motives will be set up by inexperienced state bureaucrats.

The description fits China beautifully. How can we explain the fantastic case of 1,400,000 useless plows? Or the over-estimation of the educational facilities which resulted in a 40 per cent surplus of students in 1957 (one of the reasons for the “voluntary,” back-to-the-land line of the regime)? Yes, Chinese Communism industrializes—but at an enormous cost and through an enormous waste. Baran seems to assume that the only problem of transition is a willingness to mobilize potential surplus, he has left out a crucial element (indeed, in the long run, *the* crucial element): democracy which is an economic as well as a political necessity for socialism.

One final point from Baran’s book—his dismissal of violence as an “inevitable” concomitant of revolution. It is, of course, true that the great revolutions of the past—the English in the seventeenth century, the French in the eighteenth—were accompanied by great internal convulsions, by violence. But there were the struggles in which a minority (in the cases cited above, the bourgeoisie) were carrying on a struggle against feudalism. We cannot, of course, rule out violence in some areas of the socialist revolution (in Hungary, for instance, it was made necessary by the totalitarian character of the class enemy), but neither are we bound by old predictions, particularly as they relate to the advanced countries. The thesis recently offered by the French left socialists of the

Union de la Gauches Socialistes discussing the possibilities of peaceful transition in advanced countries is of great interest in this regard.³⁸

But where there is violence in the case of a socialist revolution we can make certain generalizations about it: first, that it is the last resort imposed by the armed resistance of the minority to the established, democratic will of the majority; second, that it is a temporary phenomenon; third, that it is directed against the armed insurrectionists of the old classes. How does this relate to China? In the beginning, one can argue that the violence was that of the majority against a fanatical, anti-democratic and unrepresentative minority. But that revolution, as we demonstrated in the first section of this article, was betrayed in the very process of its success. It was the means whereby a minority assumed total control over the majority.

In China today, terror and violence are a built-in feature of the system directed against workers and peasants, against the majority, by a tiny and determined minority. For Baran to analogize this to Marx’s discussion of violence, or to the general socialist attitude on violence, is incredible. It is true enough that a certain grim, brainwashing technique of “persuasion” is often used by the Maoist, but that cannot hide the ultimate basis of the dictatorship—which is its monopoly of the means of destruction and its willingness to use them against the majority.

Thus, on every count, I find Baran’s basic thesis lacking: first, his assertion that a potential surplus of the old ruling classes suffices for industrialization, or is the primary base of it, does not correspond to the Chinese reality; second, his assumption about the efficiency of a totalitarian industrializa-

tion does not take into account the available evidence of the waste of this regime; and finally, his cavalier remarks on violence have little or nothing to do with the Chinese situation—or with socialism.

CHINA IS A BUREAUCRATIC COLLECTIVIST state; a dynamic, Asian repetition of the Russian pattern. Its motor is forced industrialization; its means, the exploitation of the vast majority. Its power rests ultimately upon terror. And those who believe that we have here a fundamental departure from Stalinism are wrong. Given the greater distance which the Maoists must traverse before they achieve industrialization, given the fantastic pressures of population growth, there is every indication that this will be an even more terrible counter-revolution than the Russian.

Ultimately, the argument of those who support such a pattern of totalitarian accumulation in the name of “socialism” rests upon a curiously mechanistic foundation. There were those in the European socialist movement before the first World War who pointed out that imperialism brought “culture” to backward peoples, that it shattered outlived social systems and prepared the way for the future. Consequently, they went on, imperialism was progressive. The Marxists of that period (I am thinking particularly of Luxemburg and Lenin) rejected this argument out of hand, for it divorced social development from the actual living struggles of the workers and of the colonial people. In the *Junius Brochure*, Luxemburg directed her scorn upon those bourgeois economists who saw each new railroad as an advance of “progress and culture.”

And so we must confront a new variant of this mechanism: only now

it is not based upon the statistics of capitalist expansion, but rather upon the charts of bureaucratic accumulation. In each case, the grand historic abstraction allows its proponent to forget the very heart and soul of socialism—the actual lives of workers and peasants. To be sure, and Luxembourg noted this with regard to capitalist imperialism, there is a sense in which this accumulation prepares the way for socialism. So did American expansion during World War II, so did Perez Jimenez' policy in Venezuela—so does any increase in the productive power of the economy. If such a statistical evaluation were all that was necessary for the Marxist, then politics would indeed be simple.

But what is the policy of these "progressivists" during a strike under Mao? Toward peasant resistance to forced collectivization? Do not such acts "retard" the raising of productivity? Of course they do. And if the figures of increased heavy industry are enough to guarantee the progressive character of a regime and a social system, then the "socialist" is honor bound to take his side with the police power and against the (unfortunately) wrongheaded people.

But then, the traditional Trotskyist analysis avoided this dilemma. It conceived the bureaucracy as reactionary, as a fetter upon production; and the mere existence of nationalized property as progressive. Consequently, this point of view was able to defend the resistance of the people against the bureaucrats though it led to support for the imperialist imposition of bureaucratic collectivism in Poland). From an *internal* point of view, then, there was to be opposition; but with regard to the menace of capitalist imperialism, support of the social system, as it is, in the name of the defense of its progressive core.

This distinction never had any relevance; but to continue to maintain it now, in the face of the current evidence, is truly incredible. If it means simply that socialists do not support *any* imperialist power, i.e. that we do not support an American financed attack by Chiang on the Chinese mainland, that has nothing to do with our attitude toward the social system. But if it means that in an intra-imperialist conflict, in a struggle between two exploitative social systems, that the socialists "chooses" one over the other, then it is another form of social patriotism. And there is still another, and new, point. Since a third, imperialist war runs the risk of the extermination of mankind, this becomes an over-riding consideration. We could not, for that matter, take responsibility for the purest socialists state in the world which employed nuclear holocaust as the means of "socialist" policy.

But what then should our attitude be toward China? Clearly, it must rest, basically and primarily, upon our solidarity with the Chinese people. As this article has demonstrated, even if in sketchy fashion, these workers and peasants are currently being victimized by the Chinese bureaucracy. That means that we cannot spread the myth, the illusion of abstract progressivism, that Mao is to be supported. Even as we subject the reactionary impotence of Chiang and his Kuomintang to analysis, even as we record the increase in production statistics, we cannot let our attention wander from the central problem: that of the people. Our aim, then, is to achieve the social transformation which China so urgently needs, in a progressive way, and not through the support of Mao's totalitarian exploitation.

Concretely, this means that American socialists should make their crit-

icisms of Mao in a certain context. The horrors of totalitarian accumulation, it goes almost without saying, are not documented in order to smear democratic socialist planning. And the necessary work of exposing Mao's road must be coupled with a positive socialist alternative; and not abstractly, but in terms of avoiding World War III. Today, this means that independent socialists must urge an American program of massive aid to the colonial revolution, understanding all the while that this single point implies a far reaching campaign to change the very basis of American politics.

MICHAEL HARRINGTON

NOTES

1. Both from "Peasant War in China," translated in the Bulletin of Marxist Studies, No. 1, August 1957. pp. 15-16.
2. cf. Chinese Communism and the Rise of Mao by Benjamin Schwartz, Harvard, 1952. p. 97.
3. Jack Belden, China Shakes the World (French ed. 1951). p. 454.
4. Harold Isaacs, The Tragedy of the Chinese Revolution (rev. ed.) p. 312.
5. cf. "The Stalinist State in China," by M. Y. Wang. New International, March-April 1951, p. 101.
6. New York Times, February 25, 1958.
7. Quoted in an article by Tilman Durbin, New York Times, January 5, 1958.

8. For a full and documented discussion of Chinese Communist peasant policy in this period, see Leon Tribiere, "The 1951 pre-Kolkhoze Policy in China at the Turning-Point in July, 1955, and the Crisis in the Chinese Communist Party," Saturn, Jan.-Feb. 1956.
9. Translated in Saturn, *ibid*, pp. 85-6.
10. Cf. "Mao's China" by Michael Harrington, in the Winter, 1958 issue of Anvil.
11. Belden, *op cit*, p. 483; and Gluckstein, Mao's China (1957), pp. 192ff.
12. Gluckstein, *op cit*, p. 193.
13. Quoted in China Under Communism, by Richard Walker, p. 106.
14. Proposals of the Eighth National Congress of the Chinese Communist Party for the Second Five Year Plan (Peiping, 1956), p. 24-5.
15. Quoted in Saturn, December 1957, p. 87.
16. Paul Baran, The Political Economy of Growth, pp. 226-7.
17. *Ibid*, p. 228.
18. *Ibid*, p. 255.
19. *Ibid*, p. 278.
20. The New Reasoner, Winter 1957-58, pp. 121-22.
21. Gluckstein, *op cit*, p. 108.
22. *Ibid*, p. 104.
23. Robert Gullian, "Taking Away the 'Good Earth'," New Republic, March 13, 1957, p. 33.
24. Gluckstein, *op cit*, p. 255.
25. Quoted in Saturn, December 1957, pp. 151ff.
26. cf. Hans Bayer, "Chinesische Wirtschaftspolitik," Gewerkschaftliche Monatshefte 11, November 1957, p. 676.
27. Saturn, Jan.-Feb. 1956, p. 86.
28. New York Times, January 15, 1958.
29. New York Times, January 11, 1958.
30. New York Times, September 12, 1957.
31. New York Times, March 30, 1958.
32. New York Times, December 5, 1957.
33. *Ibid*.
34. New York Times, March 30, 1958.
35. New York Times, January 28, 1958, quoting the Chinese Communist press.
36. Quoted, *ibid*.
37. Bulletin of the Atomic Scientists, September 1957.
38. La Revolution Qui Vient, by Yvan Craipeau (1957).

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A New Look at the New Deal

Reform and Rhetoric Joined to Trustification

There is at present a most justified trend among liberals and socialists to take a new look at the New Deal. This is necessary in order to develop a more serious, time-endowed approach to the problems and politics of the society which emerged from the social upheavals of the nineteen-thirties. This article is a tentative effort to chart a course through the policies of the New Deal administration, to look for a general tendency in the multiplicity of historical data.

The greatest disservice to those who seek an understanding of the New Deal is the repeated emphasis on the pragmatic and multi-sided quality of its program. The usually brilliant historian, Richard Hofstadter, for example, in *The Age of Reform* commented about Franklin Roosevelt: "Unlike Hoover, he had few hard and fast notions about economic principles, but he knew that it would be necessary to experiment and improvise." From this, Hofstadter goes on to discuss the pragmatic nature of the New Deal.

As an item in the biography of Roosevelt this idea has some truth. But this does not tell much about the objective direction of the New Deal. One cannot understand the New Deal as nothing but an item in the biography of one man for the result is intellectual chaos.

All historical periods are in fact multiplicity, diversity, experimentation. All periods present a motley array of facts. It is the task of the historian to arrange and interpret them in some useful fashion, to find the main drift in an inchoate sea of facts.

Hofstadter, without fully recognizing it himself, offers a key to the understanding of the New Deal. In the chapter on the period in *The Age of Reform* there are two themes. Of the major one he writes, "The demands of a large and powerful labor movement, coupled with the interests of the unemployed, gave the later New Deal a social-democratic tinge that had never before been present in American reform movements." As a secondary theme he writes, "The New Deal began not with a flourish of trust-busting but rather, in the NRA, with an attempt to solve the problems of the business order through a gigantic system of governmentally underwritten codes that would ratify the trustification of society." I shall take these two themes as central but I shall reverse the order of their importance and interpret the social-democratic tinge in the light of the primacy of the trustification of society.

ONE MUST GO BACK to the years immediately preceding World War I in order to understand the development of the New Deal program. The group that created and wrote for the liberal journal, the *New Republic*, formulated a liberal creed which finally was realized under the New Deal.

The *New Republic* ideologists were opposed to the rapaciousness of monopoly capitalism. They looked toward a pragmatic, experimental, middle class democracy, based on science and industry. Class division would be healed by social cooperation, irresponsible power would be socialized and made responsible, economic crisis and

poverty would be ended by governmental planning. Power was to go to a powerful executive and a permanent administrative group. A powerful central government able to plan and experiment and control was to be created.

This image of the welfare state was combined with acceptance of economic concentration under capitalist property relations. Some industries such as power and transport might be nationalized, but the economy would remain private-property corporate capitalism.

The *New Republic* liberals in abandoning the attempt of the old liberalism to stop concentration aimed for social harmony. All labor must be organized into unions for only then could it be "responsible." Business, the farmer, labor, and government would all cooperate with one another. Every class and social element would have its place in society, its assigned share and its consequent responsibility. Only then could American democracy go forth and take responsible leadership in the world. "Prophets of progress who were sure the dice of history were loaded in their favor" the *New Republic* editors welcomed Wilson's declaration of a crusade to make the world safe for democracy.*

This ideology is one of the variants of modern corporatism: the harmony of social classes enforced by a state standing above and separate from social conflict. The liberal version might be called democratic corporatism in order to distinguish it from the totalitarian corporatism of fascism. While one must very carefully separate the former from the latter, they both utilize the growth of the power of the executive, the centralized state and car-

telized industry as the three-pronged means to solve the problems of capitalist society and both limit democracy by removing the crucial decisions of society from popular control.

This liberal ideology is a curious mixture of old and new. The base is the ideology of the old, agrarian, middle class democracy based upon widely-owned property and a minimal state. The ideology is then combined with a program based upon the cartelization of society in which the number of property owners is drastically reduced and the power of the state greatly increased. In short, a Jeffersonian ideal is combined with a Hamiltonian program!

The *New Republic* liberalism was developed by a group of economists in the nineteen-twenties who gave it a more specific program, complete with technocratic overtones. Led by Wesley Clair Mitchell, they built on Thorstein Veblen's emphasis on rationality and technology, while ignoring his radical social criticism. They looked to the engineers, the technicians, the professional classes, those in whom the Veblenesque instinct of workmanship pulsed most insistently, as the carriers of social change. They were concerned with the rationality of production; they were not particularly concerned with the redistribution of income and major social structural change. Their basic interest was with "industrial government," government regulation of industry; they opposed the anti-trust laws as being unworkable and as leading to inefficiency.

Even though some of these men, such as Rexford Tugwell and Professor (now Senator) Paul Douglas, were involved in the activities of the social-democratic League for Industrial Democracy, they were not socialists, but planners. They had elitist concep-

* See David Noble "The New Republic and the Idea of Progress, 1914-1920" in the *Mississippi Valley Historical Review*, pp. 395-6, December, 1951.

tions; they had no sense of commitment to socialism as the political movement of the working-class.

Several of these figures, most notably Rexford Tugwell and Adolph Berle, became the heart of the "Brain Trust" which Franklin Roosevelt assembled in 1932 and 1933 to be the idea men for the new administration.

IN EARLY 1933 TUGWELL ISSUED a call for a government-administered economy in a volume, *The Industrial Discipline and the Governmental Arts*, which was a codification of what he had been saying throughout the nineteen-twenties.

Tugwell did not advocate the nationalization or socialization of industry; he did advocate placing power to control the overall functioning of the economy in the hands of the state. The state would provide a full security program. It would carefully regulate production in order to guarantee "fair service at fair prices." The Federal government would control and supervise through the taxing power the flow and investment of capital; it would control prices; it would protect certain weaker sectors of the economy, such as small business, consumers, farmers, and technicians.

Above all, the state would encourage corporate integration rather than attempting to prevent or limit it. Such integration would be controlled by a central industrial integration board which would represent the peak trade associations in each industry, and the government. The central integration board would have power of review of trade association policies with respect to security issues, prices, adequate wages, production levels and standards, and working conditions. It would encourage patent-pooling and other cartelizing devices. All corporations would be induced to join the plan by

special tax arrangements that would work to the disadvantage of non-members.

Adolph Berle also had developed a similar program, the major development of which stemmed from his classic study (with Gardner Means) of *The Modern Corporation and Private Property*. Berle recognized and accepted the tremendous social power that concentration had placed in the hands of the corporate leadership. He looked for a government sponsored program of self-government in industry which would prevent social chaos, the large fluctuations in the business cycle, and dishonesty. Ultimately, he called for a socially-responsible and moral corporate leadership.

These ideas of Tugwell and Berle were in accord in major respects with those being developed at the same time by the economic titans of American capitalism. Gerard Swope, President of General Electric, and the United States Chamber of Commerce, had similar proposals. Business magazines and corporate leaders seconded their ideas. Above all, Bernard Baruch and those around him, most particularly General Hugh Johnson and farm-implement maker, George Peek, were the most influential in developing these ideas. The basic conception was the one that Herbert Hoover, when Secretary of Commerce in the Harding Administration, had advanced: self-government in industry, i.e., responsible cartelization.

Baruch, as Tugwell, relied upon common integration forums, representative of the trade associations in each industry, and sponsored by the state. The channeling of investment and the control over the level of production, the wages of labor, the conditions of sales and marketing, particularly specifications as to quality and some agreement on prices were to be

decided on by these forums. Government price controls were to be avoided.

Hugh Johnson prepared a report for a committee created by a group of bank and insurance companies which were heavy investors in railroad and other transport securities which gives a clear picture of what he and his colleagues were aiming at, shorn of confusing liberalistic phraseology. The report, signed by Baruch, former president Calvin Coolidge and former New York State governor Alfred Smith, called for the end of government efforts to "create and foster competition with or among railroads as a defense against monopoly." Parallel and competing lines were to be eliminated, the railroads were to be consolidated into a single National System. In those cases where waterways or truck routes could provide cheaper and more efficient service, no attempt should be made to support railroads artificially.

This was a program for finance capitalism, which, standing at the peak of capitalist society, can identify its own welfare with that of all society. It is interested in all possible areas of investment, against the concern of monopoly capitalism for specific sectors of the economy. Finance capitalism has as its interest the functioning of the *entire* capitalist social system for, after all, what is important for it is a return on the total capital invested, whether it be in railroads, waterways, truck lines, or in industries other than transport.

The advocates of a program of cartelization encouraged within limits the creation of mass industrial unions, single industry-wide bargaining agents which could help impose upon an entire industry wage rates high enough to drive out all marginal producers. Hugh Johnson in this respect declared in his autobiography, "In my opinion

it is only in organization of all the workers in this country that we can hope for balance in our economic structure." It is clear that by "balance" he meant the system of cartelization. In this he was not alone among the corporate leadership.

These leaders of American capitalism had a similar program for the agricultural sector of the economy, designed to solve the long-term agricultural depression. American farming had been steadily mechanized and concentrated, the number of farm owners declining sharply in the nineteen-twenties while the number of sharecroppers and tenant farmers rose. But despite the concentration, the per capita income available for farmers was much lower than that available to the non-farm population. The development of a highly integrated industrial capitalist economy left a non-rationalized agricultural industry lacking adequate marketing and price-fixing institutions and faced with the special tariff-supported privileges of manufacture.

To meet this problem, George Peek and the leaders of the Farm Bureau Federation, representing the large staple-crop producers and the food processors and farm equipment manufacturers, agitated for a government-supported program of removing surpluses from the domestic market and maintaining agricultural prices on a level with that of the boom years 1909-1914. They presented this program with lack of success to the Republican Convention of 1928; they then went across the street and sold it in principle to Al Smith and the Democrats. In the form of the McNary-Haugen Bill it reached Congress but was not passed.

THE PROGRAM OF THE FIRST YEARS OF THE ROOSEVELT ADMINISTRATION FOLLOW-

ed closely along the lines of these plans that I have been discussing: the end of trust busting, the rationalization of industry and agriculture, self-government in industry, government-sponsored cartelization.

The heart of the New Deal program was a series of acts, passed in the first Roosevelt administration, designed to create permanent changes in the organization of society along the lines of the ratification of the trustification of society. The first area for reconstruction was banking and finance.

The banking system had been showing signs of trouble throughout the prosperity of the nineteen-twenties. Nearly seven thousand banks had become insolvent and closed their doors during the decade; the great bulk of these were in agricultural areas. With the 1929 Stock Market Crash the entire American banking system began to fall apart. Bank failures became wholesale. On the eve of the 1933 inauguration the banking system had totally collapsed and state governors had declared "bank holidays" in most of the states. The first act of the new administration was to declare a four-day bank holiday for the entire nation.

A long-term strengthening of the banking structure was attempted in the Banking Act of 1933, which grew out of Congressional investigations in 1930 and 1931. The Federal Reserve System needed tightening and more power in order to provide a central control over the banking system, to provide a mechanism which would keep the entire banking system in operation by regulating its individual parts. The interests of individual bankers in uncontrolled speculation had to be sacrificed in order to protect the entire system.

The Banking Act of 1933 divorced investment banks from commercial banks. It undertook to curb the use of

Federal Reserve credit for speculative purposes by requiring that each Federal Reserve Bank continually investigate bank loan procedures, and provided that an offending bank might be refused accommodations or be formally suspended from use of Federal Reserve facilities. In other ways, it acted to tighten up the banking system and to limit speculative loans. The Federal Reserve Board was strengthened so that it could provide some of the rationalizing and stabilizing functions of a central bank. Individual deposits were insured through the Federal Deposit Insurance Corporation in order to protect the depositors and restore confidence in the banking system. In 1935, the Congress under the direction of the administration and the Federal Reserve Board, went further in strengthening the powers of the Federal Reserve Board, giving it wide control over credit extension. The chairman of the Board, Mariner S. Eccles, declared in this connection, "*laissez faire* in banking and the attainment of business stability are incompatible."

In the Securities Act and the Exchange Act and the organization of the Securities and Exchange Commission to regulate the stock-market, the New Deal created another element of enforcing "self-government" in industry. It was designed to police the practices of corporations in the offering of securities on the market.

The agricultural plan adopted by the New Deal was that worked out by George Peek and the Farm Bureau Federation with some modifications. The Agricultural Adjustment Act of 1933 passed in the midst of widespread misery was based upon the drastic restriction of agricultural production! The act undertook to "re-establish prices to farmers at a level that will give purchasing power . . . equivalent to the purchasing power of agricul-

tural commodities" in a base period of 1909-1914. The government paid farmers to destroy crops and livestock already in production, and to remove from production a percentage of the farm land, and made commodity loans to permit producers to hold certain commodities off the market until prices improved. This last provision left the government holding millions of dollars worth of farm commodities which had been the collateral to secure these loans.

In line with the general support of the New Deal for the ratification of the trustification of society, the government encouraged and at times required, marketing agreements between producers' cooperatives, processors, and distributors, for the purpose of raising or maintaining prices.

The first Agricultural Adjustment Act was declared unconstitutional by the Supreme Court in 1936 because its operations had been financed by a tax levied on the processors of agricultural goods. In subsequent acts of 1936 and 1938, the basic outlines of the AAA were kept intact, indeed strengthened, utilizing means more acceptable to the court.

The result of the AAA in immediate and long-run terms was the further mechanization, industrialization, and economic concentration of the farming land. Hundreds of thousands of farmers were pushed off the land by the combination of the AAA and the dust storms of the mid-thirties. The benefits paid to farm owners for acreage reduction were only rarely given to the sharetenants and croppers. Indeed, the tenants and croppers were reduced to the status of farm laborers as land was removed from production, tenants were expelled from the land, and holdings thrown together. The tractor, often bought with government acreage reduction checks, was

the major cause of the flood of Okies and Arkies who were pushed off the land to wander the country looking for work.

THE TOUCHSTONE of the New Deal program for American capitalism was the National Recovery Administration which was taken directly from the plans of Baruch, Tugwell, and Berle. While the NRA was to be declared unconstitutional, its results were lasting.

The National Recovery Administration convened meetings of the peak trade associations in each industry for the purpose of formulating a code covering all conditions of production and distribution. These codes were to be enforced by the abandonment of the anti-trust legislation and by moral coercion. Required trade practices that were most important in the codes were minimum price maintenance, uniform methods of cost finding, price fixing, specified discount and credit terms, standard contracts, specified standards of bids and quotations, classification of customers, and limitation of machine and plant hours or of industry capacity. A host of usual competitive practices were prohibited such as commercial bribery, spying on competitors, imitation of trade-marks or designs, price discrimination, "tie-in" sales, "style piracy," and the enticement of employees from rival firms.

The National Industrial Relations Act included a section 7(a) which guaranteed the right of collective bargaining to labor. There is little doubt that it gave a tremendous impetus to the organization of mass industrial unionism. It had been introduced as labor's price for support of codes drawn-up for the most part without its participation. Furthermore, it had been introduced to stem-off the A.F. of L.'s drive for the Black-Connery

thirty-hour maximum work-week bill. Industry was willing to grant the right of labor to organize in return for government sanction of cartelization. Within limits, the peaks of capitalist industry did not oppose unionization for it would raise wage rates and thus further the cartelization process by driving-out marginal producers.

The NRA was declared unconstitutional by a conservative Supreme Court in 1935 and, unlike the first AAA, was not replaced. Big business had become leery of the government's cartelization role and felt that now that the anti-trust laws had been almost destroyed, they could continue the process without government-sponsorship. However, certain provisions were made into special acts of legislation, the most important of which was the Miller-Tydings Act of 1937 legalizing retail price maintenance and administered prices for advertised products in interstate commerce. The cartelization drives of the New Deal continued into the late nineteen-thirties with the legislation creating the Civil Aeronautics Administration guaranteeing a carefully-cartelized structure for the entire new aviation industry. While the New Deal did make a motion in the direction of breaking-up the trusts in the late nineteen-thirties with the strengthening of the anti-trust division of the Department of Justice, this was largely a sham. The man placed in charge of the division was Thurman Arnold who, in his *The Folklore of Capitalism*, ridiculed the attempts to destroy or regulate the trusts!

THE HOARIEST AND MOST commonly repeated of all stories about the New Deal is that it somehow consciously adopted Keynesian economics with its emphasis on the unbalanced budget, deficit financing, and other inflation-

ary methods. This is almost pure myth. The New Deal fought hard to follow a conservative program, to maintain a balanced budget, to reduce government expenditures, to borrow rather than tax, to follow a moderately deflationist policy.

It is true that the New Deal's left-wing, led by Harry Hopkins, Aubrey Williams, Harold Ickes, and Tugwell, fought for increased government spending, particularly for the relief program. But what the liberal historians fail to recognize is that the left-wing almost consistently lost its battle to such right-wing New Dealers as Johnson, Jesse Jones, Henry Morgenthau, Jr., Lewis Douglas *et al.* Franklin Roosevelt acted almost consistently in the direction of a moderately deflationary program.

The history of the New Deal's relief program demonstrates this fact most clearly. Throughout 1933, 1934 and 1935, the relief budget kept rising. But as soon as it was felt that total social collapse had been stopped, the New Deal attempted to cut-back the relief appropriations.

At the end of 1935, the President announced that he was going drastically to reduce the relief program in order "to restore business confidence." In early 1936, he submitted a budget to Congress which called for cutting-in-half the total expenditures for relief so as to provide a virtually balanced budget. Only Congressional action prevented some of the more drastic cuts. Congress, for example, limited the cut in the number to be employed by the Civilian Conservation Corps. Only 250,000 men were to be dropped. The President had proposed dropping 300,000. It is often argued that Roosevelt could have gone further if Congress had allowed him. This is almost pure fiction. It is more accurate to report that Congress was most often to

the left of the President, which is not surprising, for it is more sensitive to popular moods.

The drive to cut relief appropriations continued throughout 1936 and 1937. It was momentarily stopped by an economic downswing in the late fall of 1937, which economists have attributed directly to the devastating impact of the budget-balancing activities of the New Dealers! A temporary rise in relief funds was voted in early 1938, but the slightest sign of recovery later in the year, led to further administration-sponsored relief cuts. Even before the effect of defense spending was felt in late 1939 and early 1940, the relief budget had been slashed from two and a half billion dollars for the fiscal year ending June 30, 1938 to one and three-quarter billion dollars for the year ending June 30, 1939!

WITH THIS DISCUSSION of the New Deal's relief program we are into the heart of the "social-democratic tinge" of the Roosevelt program. It is difficult to understand why there has been this insistence upon giving primacy to the "social-democratic tinge" when analyzing the New Deal for most of it was of the nature of the relief program—certain measures grudgingly extracted by mass pressure. The labor movement was not directly involved in the direction of the New Deal until the war period; before the 1936 election it stood outside the New Deal. It was only with the initiation of the defense-production program that the labor movement was involved with making government decisions. Before that, with the exception of one ultra-conservative AFL official who was the figurehead director of the Civilian Conservation Corps, no one from labor's ranks was even nominally important in the New Deal.

The "social-democratic tinge" re-

fers in addition to the relief program to four major acts of legislation: the creation of the Tennessee Valley Authority, the Wagner Labor Relations Act, the Social Security Act, and the Fair Labor Standards Act of 1937. While all of these measures did represent major progressive steps, they did not represent a revolutionary change in American society, they were most modest in their aims, they were an integral part of a program designed to protect the over-all interests of the capitalist social system as against the special interests of its individual parts.

In the conservation program, the Rural Electrification Administration, and the Tennessee Valley Authority, the New Deal sacrificed the interest of specific capitalist combinations, e.g., certain lumber corporations and private power corporations, to the over-all needs of a capitalist economy. Conservation enabled a wide range of lumbermen, farmers, and mine owners to exploit the natural resources of the country over a long period; it stood for the national capitalist interests as against parochial ones. Rural Electrification represented part of the farm program of the New Deal and it was one of the steps in effectively integrating the South into a national economy. TVA in providing cheap electric power brought an entire region back to life and brought industry into that region which had not previously been there. Indeed, in the long run the private power companies benefited by the increased demand for electricity brought by TVA. While TVA was a publicly-owned development corporation, a public sector of the economy, it, no more than European government-owned railroads, was a socialized sector of the economy. Not only did TVA not alter the basic capitalist social relations, it helped strengthen them by bringing an entire area of the

country into the orbit of industrial capitalism. TVA must be counted a progressive gain just as historically, capitalism was progressive. Progressive, yes; social democratic, no.

The Social Security program came as a result of the depression and widespread unemployment. The states which had traditionally been responsible for the relief of the unemployed had been unable to meet this obligation. The Federal government had to step in to underwrite state aid. Special aid had to be available for old people for they represented a large percentage of those on relief rolls. From the point of view of the large taxpayers, social security made both sound social and economic sense. Would it not be better to have an insurance scheme in which at least half of the money for unemployment relief would come from the potential unemployed themselves rather than placing the entire burden on the taxpayer? And would not an insurance scheme which would spread out the risk over all the potential unemployed further cut down the cost to the taxpayer? The New Deal social security legislation was neither radical nor particularly liberal. It was only an example of the fact that United States capitalism had finally reached the level of German and British capitalism which had supported social security insurance schemes for decades.

THE WAGNER ACT represented a major concession to the labor movement as part of the efforts of some Democratic Party leaders to tie the labor movement to their party. It was not, however, an administration measure. *It did not, indeed, receive the support of the President until after it had passed the lower house of Congress.* New Deal Secretary of Labor, Frances Perkins, herself not a major proponent

of the bill that guaranteed the right to collective bargaining, has written that the Wagner Act "was not a part of the President's program. It did not particularly appeal to him. . . ."

The major support for the bill came from the labor movement and from certain big-city Democratic leaders, most notably Senator Robert Wagner of New York. While it was true that Wagner's long-standing relationship with the AFL, his conviction that industrial peace would be promoted by the act, and that unionization would insure high purchasing power, were motivating factors in his support, the crucial concern was more direct. Wagner came from the ranks of Tammany Hall which could control the city with the support of the urban, immigrant working class. And in New York the radical mood of the working class was daily in evidence. The traditional link of the northern working class to the Democratic Party had to be strengthened if it were to last. Wagner and his colleagues slowly impressed this upon their fellow party members, including Franklin Roosevelt.

The support for the Fair Labor Standards Act of 1937 which provided a maximum wage and a forty-hour week was more complex. The act had been opposed by the AFL as cutting into the collective bargaining process. The AFL had long believed that government-set maximum hours and minimum wage laws would set standards for industry which would accomplish less than could be achieved through collective bargaining: the maximum hour would become the minimum hour, the minimum wage the maximum wage. The new CIO industrial unions, however, supported the act; bargaining conditions for unskilled and semi-skilled workers were quite different than those prevalent in negotiating contracts for skilled crafts. The

act represented the payment of political debts to the CIO and was designed to keep the CIO within the ranks of the Democratic Party.

The New Deal politically represented a national coalition which for a few years, 1936 to 1938, could claim to represent almost all classes. The agricultural and conservation programs wedded, if only temporarily, the old Populist radicalism, as represented by Senators Norris, Borah, Wheeler, LaFollette, Nye, *et al*, to the New Deal. The Wagner Act and the Fair Labor Standards Act joined the labor movement to the New Deal. The AAA linked the large and medium sized farmers to the Democratic Party.

The Negro vote largely swung into the ranks of the Democratic Party in the nineteen-thirties, although it is not immediately apparent why this was so. The New Deal, except in its aid to Negro education, did not have a program designed to improve the status of Negro life in the United States. The New Deal did not enter into any fight against Jim Crow in any of its forms, it did not encourage opposition to the segregationists. Then why the support? In the first place, the switch of the Negro votes into the ranks of the Democratic Party had a class rather than race basis; the Negro worker backed the New Deal for the same reasons that white workers did. Secondly, as Negroes were the first to be fired and the last hired they sought relief-monies and work-relief jobs in large numbers—despite the fact that a number of relief agencies, such as the CCC, struggled to exclude Negroes from their fair share in the program. Third, the New Deal made a conscious effort to win the Negro vote by a massive propagandistic effort. To do this, the support of the Negro middle-class leadership of educators and clergymen was required. Such Negro leaders as Pres-

ident Mordecai Johnson and Mary McLeod Bethune secured money for Negro education from the New Deal in exchange for their support. Mrs. Bethune became the head of the National Youth Administration's Division of Negro Affairs which became the center for propaganda among Negroes in the New Deal.

Despite this, there was radical sentiment among Negroes. The National Negro Congress had been originally a radical-center of protest. Captured by the Communist Party in its Popular Front period, it was turned into another center of pro-New Deal sentiment. The tragic success of the Communist Party in giving a radical cover to the New Deal was nowhere more apparent or successful than in the Negro struggle.

While it is true that the New Deal made concessions to the labor movement, that was not its main drift or significance. The New Deal was certainly not the creator of a "laboristic" society in the United States. The main direction of the New Deal was toward the trustification of American society, a process further accelerated by the War Production Board and other government agencies during World War II.

Perhaps the most important progressive advance of Roosevelt and the New Deal was the successful fight for the liberalization of the Supreme Court. The Court had long been dominated by men who adhered to an older ideology designed to advance capitalist interests in a period in which the task had been that of furthering the advance of monopoly capitalism. It had to be reconstituted in order to stem its drive toward the destruction of the New Deal program, a drive which had been given its most concrete form in the Court's decisions concerning the unconstitutionality of

the NRA and the first AAA.

As a result of the most important constitutional crisis in American history since the Civil War, the Court capitulated. Roosevelt was then able to appoint a number of liberal justices to create a liberal majority on the Court. While this new court protected the New Deal program, the most important long range consequences have been in the advance of the rights of Negroes and the defense of civil liberties against Congressional attack.

WHY THE NOTION advanced by most left-liberals and the labor movement that the New Deal represented a progressive, pro-labor, moderately anti-capitalist movement?

There are a number of related answers to this question, answers which touch upon the nature of intellectual life in the United States, the line of the Communist Party, the collective security foreign policy of the New Deal, the nature of the opposition to the New Deal and Franklin Roosevelt, and, above all, to the state of development of the American working-class at the time.

The great bulk of American intellectuals and professionals supported the New Deal; only a small intellectual minority could resist New Deal blandishments — it was unusual and disarming for intellectuals to be wooed by a national administration. But the New Deal's attraction for the intellectual was not only in the political-psychological realm. After all, positions of some meaning were made available to young writers, artists, economists, social workers and teachers within the many temporary and permanent New Deal agencies. But if intellectuals no longer suffered from the same feeling of alienation, they had to pay a price for their new found

comforts and sense of security. The alienated intellectual of the early thirties was all too often transformed into an unthinking New Deal enthusiast.

Added to this combination of the intellectuals-search-for-a home and the sanction for the New Deal given by the Communist Party, there was the quite real belief that the collective security foreign policy of the New Deal represented the only method of successfully struggling against the horrors of Hitlerism. Because the New Deal, at least after 1937, took the leadership in developing a foreign policy based on the idea of collective security, no matter what power realities this concept masked, large sections of the liberal and even radical public gave their support to the New Deal. And their support for the foreign policies of the New Deal led to their support of all the policies on the New Deal. It was a case of virtue by association.

But more important than the intellectuals' drive for a home, or the policies of the Communist Party, or the appeal of Roosevelt's foreign policy, was the development of class relations in the United States. Pitted against the New Deal were the most reactionary elements in the United States. This was true despite the fact of the New Deal program for the trustification of American society. Why?

A distinction has to be drawn between opposition to the specific policies of the New Deal and opposition to Franklin Roosevelt. The editors of the voice of stable British capital, *The Economist*, commented in 1936 that,

though his [Franklin Roosevelt] enactments are those of very moderate Liberalism, his statements, particularly in denunciation of the rich, are often extreme. If the fluctuations of his course and the violence of his language be borne in mind, the bitterness of the opposition to

him can be understood, though not shared. It is very significant that hostility to the President is many times stronger than opposition to his policies.

The *Economist* went on to point out the crucial fact about the election of 1936:

Under Mr. Landon, the Republicans had a policy distinguishable only in minor shades of emphasis from that of the Democrats. The Republicans in this year's campaign paid Mr. Roosevelt the tribute of borrowing his policies while denouncing his philosophy.

Of course, it is true that not all the opponents of Franklin Roosevelt supported his policies while opposing his anti-capitalist demagogic rhetoric. In the 1936 campaign, those elements in American society still wedded to an ideology of *laissez-faire* capitalism, and containing that anti-Semitic, nativistic outcropping of Populism-turned-sour, supported William Lemke for the presidency on a program which was an hysterical rant against the twentieth century. And it was this that characterized the opposition to the New Deal for most liberals and progressives. The New Deal gained support by the vices of its opponents.

What is more to the point, the New Deal represented the furthest left that was available as a mass phenomenon in the United States. While one can blame, with some justification, the wholesale support of the New Deal by the labor movement on the machinations of Stalinists, social-democrats, business unionism, or just plain cowardice, that is not enough to account for the fact that the American labor movement did give its wholehearted support to the New Deal in return for what the editors of the *Economist* summed up as the accomplishments of the New Deal:

Relief there has been, but little more than enough to keep the population fed, clothed and warmed. Recovery there has been, but only to a point still well below

the pre-depression level. Reform there has been, but it is slight in comparison with the reformers' blueprints. The great problems of the country are still hardly touched.

The problem is really simple if one is willing to lay aside chiliastic and romantic notions based upon the experience of other countries and their working class movements. The American working class had not yet reached a level of consciousness that enabled it to do anything but accept the concessions it was able to force out of the pro-capitalist parties. The task in the New Deal period for the labor movement was the mass organization of the industrial workers. Prior to the nineteen-thirties the American working class had been divided and at a lower level of development than European workers. One could not reasonably expect the American working class to leap so far ahead as to reject a New Deal, with its undeniable benefits, in the interests of a more class conscious and politically mature radical objective.

Thus, the New Deal: a program for trustification of American capitalism, brought into being by reformers with an anti-capitalist rhetoric and with the support of the working class. One is reminded of the aphorism of that great defender of capitalism, Joseph Schumpeter, who bitterly complained, "Without protection by some non-bourgeois group, the bourgeoisie is politically helpless and unable not only to lead its nation but even to take care of its particular class interest." These tasks were left to the son of the old landed gentry, Franklin Roosevelt, in alliance with many anti-Big Business elements and with the working class. Only those who expect history to move in some single linear direction should be surprised by this paradox.

GEORGE RAWICK

The following three articles by Michael Harrington, Andre Giacometti and Max Shachtman are presented as part of a discussion that should continue to occupy the attention of all socialists. The problems raised by de Gaulle's accession to power pose interesting theoretical and practical issues for socialists in France and the world over. Is the de Gaulle government a Bonapartist regime, does it carry with it the imminent threat of fascism, can it stabilize French capitalism, etc.? What of the French Socialist Party? Does the policy of support to de Gaulle eliminate the Party as an arena in which democratic socialists should function or is it the responsibility of socialists to work within the party and try to activate it as a socialist force that can offer a democratic alternative to either de Gaullism or Communism.

In the first article, by Michael Harrington, the social character of the de Gaullist regime is discussed along with a personal view of the French Socialist Party. The debate between Giacometti and Shachtman is more exclusively concerned with the character of the French labor and socialist movements and the obligations of militant socialists toward them.

All three articles were submitted for publication before the September congress of the SFIO which produced a split and before the French Constitutional referendum which produced a landslide victory for de Gaulle.—The Editors.

The SFIO and the Fifth Republic

The Burning Need for an Effective Socialist Movement

The rise of De Gaulle is a clear indication that time has run out on the Fourth Republic. For years now, the constant coming and going of cabinets has produced commotion but not change, the facade of politics and the reality of *immobilisme*. The dramatic focus has been, of course, the question of French colonialism: the expenditure of blood and money in defense of the remnants of empire. But France's malaise goes deeper than this one problem. North Africa is symptomatic of a bourgeoisie that is paralyzed, unable to control its own colonial wing; while the working class is split, a section of it committed to a Communist Party whose policies are determined by the needs of Russia, another section led by "socialists" who have betrayed their most fundamental principles.

Thus, for all of the talk about a strong executive and action, De Gaulle is the creature of a political vacuum and his policy has been tentative, not decisive. As a result, his regime has exhibited all kinds of con-

traditions—the announcement of a vaguely liberal Algerian solution on one day, a promotion for an insurrectionary General and a cabinet post for Soustelle on the next. As Giles Martinet noted in his report to the National Council of the Union de La Gauche Socialiste (UGS), "... De Gaulle is not the ultra's man, nor the Army's, nor that of the technocratic bourgeoisie—he is the man who attempts to harmonize the partly contradictory interests of these three social groups upon which his government depends."

But, then, how long can the situation be compromised in this way? The French colonists in Algeria are committed to a policy of "integration," that is, of the continuing denial of the rights of the Algerian majority. On the other hand, a section of the bourgeoisie is willing to accept a "federalist" policy which will guarantee the rule of French capital in Algeria. Indeed, a section of the Algerian revolutionary movement itself, the National Liberation Front (FLN),

has indicated some hope that De Gaulle might turn in their direction. Ferhat Abbas told a correspondent of *France-Observateur* that his organization "continues to hope that De Gaulle will make a new beginning. . . We are always ready . . . to negotiate with him."

HOW DOES THIS RELATE to the threat of fascism in France? As has been pointed out by almost every observer, there is no mass fascist movement in that country. For one thing, the intensification of the Algerian struggle and the consequent crisis of the regime occurred within the context of a growing prosperity. There are some reports which even go so far as to predict that France is the country which will be least effected by the current European economic downturn. At any rate, the extreme social dislocation which has been historically associated with the rise of fascism—a desperate petty-bourgeoisie, a fundamental breakdown of the society as a whole, the polarization of political life—were not present.

On the other hand, some French writers have gone so far as to argue that fascism has "already arrived" in Algeria. But even in Algeria the "classic" features of fascism are not present. At the same time, it is clear that the insurrectionary colonists and their military accomplices are bent upon a reactionary dictatorship, war against the liberation movement to the bitter end, and an assault upon all democratic institutions in the metropolitan center.

While there is no immediate fascist threat in France, it is nevertheless clear that the problem of defending democracy is complicated by the apparent apathy of considerable sections of French society. Far from there being a threat of working class revolution in France, the socialist movement

has never been so divided, misled and demoralized. A recent article in the British journal *Universities and Left Review*, vividly portrayed the indifference of workers at the Renault plant toward the events of May and June, an attitude based on their understanding that no real alternative was being offered to them. Indeed, the only union in France which adopted a militant and effective position toward DeGaulle was that of the teachers. The rest issued the proper manifestoes, often without much political content (as in the case of those sections of the CGT controlled by the Communists), and were unable to rally any sustained enthusiasm on the part of those they claim to lead.

The weight of all this leads toward the conclusion that even now, some months after the events, we must describe the situation as fluid, the crisis as unresolved. De Gaulle has moved in opposite directions, making some extravagant offers to the natives of the French colonies, but trying to keep his ties with the insurrectionary right wing at the same time. For that matter, one could record the strange course of this drama by contrasting the frenzied enthusiasm which Lacoste called forth in Algiers when he first proposed power for DeGaulle, the somewhat restrained reception De Gaulle himself received there a little later, and the open hostility which developed around his most recent visit.

The one thing that we can say is that the crisis is not over, and that a further assault from the right is almost inevitable. Either that, or De Gaulle will be completely captured by the right. And such a prognosis is hardly an optimistic one, for there seems to be little chance of the left coming forth with a dynamic alternative. In this context, the "classic"

marks of fascism are certainly lacking in France today, and even in Algeria, but fascism cannot be ruled out as a real possibility in the future.

THUS IF DE GAULLE is an element in the continuing crisis of French bourgeois democracy, his rise to power was also a dramatic demonstration of the crisis of the French working class movement.

During the crisis, the French Socialist Party's leadership, and Guy Mollet in particular, were directly accessory to De Gaulle's rise to power. This action was rightly characterized by Marceau Pivert just before his death as "treason" to the principles of socialism. Because of it, the anti-Mollet tendencies within the SFIO have been strengthened. But though Mollet was forced to postpone a Party meeting for fear of defeat he now seems to be regaining control. Andre Philip accurately stated the situation when he said that the outcome of this fight within the SFIO is of great moment for the future of socialism in France. A victory for the anti-Mollet forces could be a point of departure for a revitalization of French socialism. Their defeat threatens the Party with ineffectiveness at best and to neo-Gaullism at worst (Mollet, of course, is in De Gaulle's cabinet).

The Communists did not fare much better. For once, they were apparently without a clear directive from Moscow. In the absence of it, they committed themselves to a double policy: support of the Pflimlin Government and the call for a Popular Front. On the first count, they were unable to mobilize any significant section of the working class in defense of bourgeois *immobilisme* (presuming that they had any intention of attempting to bring the masses into play). On the second count, they had to move in

level, the slogan of the Popular Front was doomed. This is how Martinet put it at the Union Gauche Socialiste (UGS) National Council meeting:

For the overwhelming majority of workers who reason in terms of actual experience and not in those of hypothetical theories, the Popular Front has two different meanings: their betrayal through a policy of working class support to a section of the bourgeoisie (a support which is payed for by some reforms but which leads to political defeat); or, it is the prelude to a Communist conquest of power and the institution of a totalitarian regime. In short, the Popular Front means to them either France of 1936 or of 1945, or else Czechoslovakia in 1948.

IT IS IMPOSSIBLE FOR an American to advocate a detailed policy for the regroupment of French socialism. That would necessitate a familiarity with the internal life of the various parties which distance denies us. At the same time, however, it is clear that we can comment upon the type of party that is required and the forces which must compose it.

To begin with specific and focal problems facing this regroupment should be noted; the two traditional parties of the French left, the CP and the SFIO. It should be obvious to almost anyone that organic unity with the French Communists, or even formal, negotiated cooperation is out of the question. The party of Thorez is one of the most Stalinized in the international Communist movement. In the past, it was willing to vote "special powers" to the Government for another direction. To press a Popular Front, there had to be the danger of fascism. This the Party produced in some of its appeals, and they substituted rhetorical anti-fascism (culminating in the failure of the strike on May 19) for any real action.

But, on an even more important

carrying on the repression in Algeria, and this within the last two years. Although it has won the electoral allegiance of a majority of the French workers, and has enrolled a significant section of the working class in its ranks, it is not a Party of the left, but of the East, of Moscow.

However, excluding electoral pacts and formal cooperation does not mean that the French left can simply ignore the Communists. Where there is a strong democratic socialist leadership it may well be extremely important to involve the Communist ranks in joint, limited action. And in the event of a democratic socialist electoral bloc, it may be possible to force Communist support in the Assembly while rejecting completely any proposal for Communist inclusion in the Government. Both of these policies, for that matter, have an element in common: they might make it possible to win hundreds of thousands, even millions, away from the Communists through providing a real and democratic socialist alternative.

The problem of the SFIO is somewhat more complex. The events of the last two decades have proved that it is extremely difficult to create a new political tradition in France—the PSOP of Pivert and the RDR are cases in point. The Mollet leadership of the SFIO has, of course, become intolerable, anti-socialist. But, as Andre Philip wisely pointed out in the *New Leader*, the struggle within that Party is of extreme importance. If the SFIO could be won back to a program of democratic socialism, it could provide a rallying point for the regroupment of the left. Some socialists, for example those of the UGS, reject this view and feel that the SFIO must be abandoned to its present disgrace. With all of the qualifications imposed upon one speaking

from a distance, it seems that Philip has a more constructive position. But if the fight within the SFIO goes against democratic socialism, that is, if Mollet wins, then it means that the French left must look to the arduous task of both regrouping and creating a new tradition. At such a point, no other alternative will remain open.

Given this view, it is most discouraging to note that some reports from France indicate that Mollet will be able to maintain his leadership. The July 10th issue of *L'Express*, a Mende-siste paper, found that his strength among the Provincial leadership and in Force Ouvriere, the pro-SFIO trade union federation, is considerable. These elements have apparently been won over by the sterile formula, either De Gaulle or a Popular Front. Since they correctly oppose a Popular Front, and wrongly are incapable of conceiving of an independent socialist policy, they have been reconciled to De Gaulle. Indeed, two members of the SFIO, Alduy and Juskiewenski, have helped in the formation of a center of "left" Gaullistes. The conclusion of the *L'Express* analysis is that "The Socialist Party has entered into hibernation." This is certainly true if their judgment is an accurate one. At this point, we can only continue to hope for a development from the SFIO minority.

THUS, TIME HAS RUN OUT on the Fourth Republic and the question is, what form will succeed it. In the absence of the emergence of a democratic socialist alternative, the "solution" will move from the center to the right. It might be a continuation of *immobilisme* in an authoritarian, Gaullist manner; it might be the development of an authoritarian liberalism; it could even mean a more radical change in France and the appearance

of a mass fascist movement. Clearly, any of these variants threatens the French people and the Algerians as well.

All this adds up to the fact that the most important task of socialists in France today is the creation of a truly democratic socialist party. The first, hesitant steps have already been taken, and they must be intensified.

Rejection of ISL Analysis

A New Movement Is Needed

Discussion of Preconditions for a Socialist Revival

FOR SOME TIME NOW it has been ISL policy to advocate the entry of European revolutionary socialists into the social-democratic mass parties of their countries. This position was most forcefully stated by comrade Shachtman in his discussion with Hermann Möhring of *Pro und Contra* in Fall 1951. In his final rejoinder to Möhring's article Shachtman wrote:

A Marxist [should be able to see] that unless the Marxists succeed in restoring an inseparable contact with the working class vanguard, in imbuing this vanguard with revolutionary principles, and in reorganizing the political ranks of this vanguard into a revolutionary socialist party, the Marxists are doomed—and, what is more important, so is the prospect of socialism.

Shachtman then advised the Marxists in Europe:

The road to the reconstruction of the revolutionary socialist party lies through your entrance and patient, systematic work in the social-democratic parties of the indicated countries.

In short, the ISL advocated the entry of the revolutionary socialist minorities into the social-democratic mass movements in order to escape isolation and in order to prepare the

For it is only when the French people are offered a real chance to vote for Algerian independence *and* internal French social change that we can hope for a real solution to the crisis of the Fourth Republic. In this sense, after all the betrayals of a decade, socialism remains the one real hope.

MICHAEL HARRINGTON

foundations for future revolutionary socialist parties.

At the same time we explained that these objectives could not be achieved by working within the Stalinist parties, even when the latter represented the mass movement of the working class as in France and, to a lesser extent, in Italy. Why? Not primarily because of the moral and political corruption of these parties, but because of their sociological nature: the total dependence of their controlling apparatus on the Russian State. We said: even though the social-democratic leaders might be a reprehensible type of people, and even though they will lead the labor movement to defeat if left to their own devices, they are at least vitally interested in maintaining a free labor movement—if for no other reason than that you cannot sell out something that doesn't exist. The situation of the Stalinist leadership, we added, is different: their power base being located *outside* the labor movement they control, the preservation of the latter is a secondary consideration for them. Numerous examples (Poland and Spain among others) have shown that the Stalinist leaders are

perfectly prepared deliberately to smash their own movement along with the rest of the labor movement if it serves the interests of Russian state policy.

I have always been in general agreement with this position. I also believe that it is essential for revolutionary socialists anywhere to remain an integral part of the mass movement of the working class, and that building separate organizations in countries where a political mass-movement exists leads to isolation. I also agree that the main positive function of social-democracy in post-war Europe has been to preserve the existence of an independent labor movement and that, for this reason, the place of independent socialists is within it, wherever it represents the major working class organization.

Today this applies in a general way to the Scandinavian countries, to Britain, to Germany, to Austria, to Switzerland, to Belgium and to the Netherlands. It does not apply, however, to Greece, where the conditions for a social-democratic mass movement do not exist, nor to Italy, where the social-democracy is a small and corrupt coalition of petty-bourgeois cliques, while the left-socialist PSI is unquestionably an independent mass movement with a strong working class base. I believe that it does not apply to France either.

I am not basing my objections to "living and working" in the S.F.I.O. on the quality of its leadership, or its policy, or the difficulty of working within the party. There is no significant difference between the intelligence of Lacoste or Ollenhauer, or the integrity of Guy Mollet and of Paul-Henri Spaak. There is probably no more bureaucratized and monolithic party in existence, outside the Stalinist parties, than the Austrian SPO.

There is probably not a single betrayal of socialism by the S.F.I.O. that the leadership of the Dutch Labor Party would not commit if given the opportunity. Nevertheless, we continue to advocate membership and work in these parties because all the negative factors mentioned above do not cancel out the cardinal advantage of remaining an integral part of the mass movement.

It should be quite clear by now that in our appraisal of the S.F.I.O. we have not applied different standards: we oppose work and membership in the S.F.I.O. because it does not represent in any meaningful sense a mass-movement of the working class, and because it does not fulfill any of the functions which we consider sufficient reason for entering a social-democratic party.

As we have seen from the data of Rimbart, the S.F.I.O. represents a very small minority of the industrial working class (about 25,000 out of 6.5 million, or approximately 0.4%). More important, these workers are among the most conservative sections of the French working class and not in any sense a vanguard. Further, they are not organized, either geographically or professionally, in such a manner as to represent a specific influence in the party.

It will not do either to point out that the party represented an even smaller percentage of the working class in 1905 (perhaps it did, I did not check): there is a qualitative difference between the situation of a new organization that sets out to organize the working class at an early stage of its political history, and an organization that has crumbled to a similar size as a result of a process of degeneration and decay. Again: this process is not *primarily* the result of the mistakes and betrayals of the leadership:

it is an irreversible sociological trend produced by the existence of the Communist Party, which has deprived the reformist party of the most active and devoted elements at the rank-and-file level and of any leeway for political maneuvering at the top-level. The policy of the leadership, itself a product of that situation, has then compounded the process.

Secondly, there is no meaningful way in which it can be said that the S.F.I.O. is preserving the physical existence of an independent labor movement. The *Force Ouvrier* never carried much weight as a trade union organization. Except for one or two sectors (metal and certain public service unions) it is a completely discredited organization (corrupt in the political and in the literal sense) which all decent trade unionists are trying to get out of. If there has been any doubt about it, this is no longer the case after Lafond and Le Bourre have joined the "paratrooper wing" of the neo-Gaullist bandwagon. The only significant exception is the Metalworkers Federation which is under the influence, not so much of the S.F.I.O. as of anarcho-syndicalist elements.

If it comes to the preservation of an independent labor movement, the Catholics have surely done better with their C.F.T.C.

Now the existence of the party itself is endangered by the Mollet leadership: the complicity of Mollet in the Gaullist coup and the present support of de Gaulle by the S.F.I.O. leadership has created a split in the party which is unlikely to be patched over as was customary for earlier conflicts. This is all the more true since the right wing of Mollet's faction would not hesitate to integrate the party into an authoritarian, right-wing "one party" movement sponsored by de Gaulle: there are public statements to

that effect.

Thirdly, there is no way in which membership in the S.F.I.O. furthers the contact of the socialist militant with the working class. In fact, it is no exaggeration to say that militants of the S.F.I.O. of whatever tendency are better off to hide or minimize their party affiliation if they want to make themselves heard at all. This, of course, may vary according to the local situation, but it is certainly true in all big industrial and urban centers, that is, wherever *advanced* workers are concerned. If anything, membership in the S.F.I.O. is a factor of isolation.

Pivert, who always hoped to make an honest woman out of the S.F.I.O., often remarked that membership in the party represents membership in the Socialist International, that is, a link with healthier sectors of international social-democracy. This, unfortunately, is a purely formal argument, which makes no sense in terms of the French situation. Membership in the Socialist International is a relationship on a very high level of abstraction, comparable to being one's "brother in Christ." Insofar as actual work in the French labor movement is concerned, it has no meaning. This, incidentally, does not apply to the trade union internationals; the difference is that the trade union internationals actually exist, and that certain aspects of their work are actually relevant to the problems of the French working class.

Finally, it is particularly irrelevant to argue that if all socialists who have left the party had stayed in, they might have been able to stop the Mollet gang. From the historical point of view, the argument is beside the point: it could have made absolutely no difference if any of the dissident groups—from the A.S.R. to the "Action Socialiste"—had stayed in the party. Their departure was less an active

factor influencing the party's evolution than a symptom. From the present point of view, the argument is futile, for it offers no perspective: nobody, absolutely nobody, is now going to join the S.F.I.O. on its left, and it would make no difference if anyone did.

IF THE HISTORY OF the S.F.I.O. teaches anything, it teaches that you cannot use an institution for the purposes of the labor movement after it has become the channel for social forces hostile to the working class. Must we not allow for the possibility that this can happen to a social-democratic party? Politically and organizationally, the S.F.I.O. has become the party of a certain kind of petty-bourgeois conservatism; this is not a passing aberration, but the result of an evolution within a specific social and political situation over which independent socialists (or, for that matter, most other people) have no control. To wish for a powerful left-wing in the S.F.I.O. is to wish for a different social and political situation in France and in the world. It explains nothing and advances nothing.

If the lesson is to be understood, we must ask ourselves the question: at which point did the S.F.I.O. cease to become a party worth supporting? If there was a qualitative change, when did it take place? Now this sort of question is as difficult as it is important, and can hardly ever be answered except in retrospect: partly because it is not easy to judge the trend of an evolution when you are in the midst of it, partly because an evolution of this kind is never completely predictable, and people hang on in spite of the evidence, in the hope of a change. The date of the turning-point matters little. Mollet's capitulation in Algiers on February 6, 1955 can probably be

considered as the date after which membership in the S.F.I.O. ceased to be useful from the socialist point of view. It is clear, however, that if there is an irreversible trend it existed for some time before that date. In a more fundamental sense—and armed with retrospective wisdom—one could say that the victory of the Mollet apparatus in 1947, coinciding with the beginning of the cold war, set into motion the machinery of self-destruction which nobody in the S.F.I.O. has been in a position to resist since.

What occurred from 1947 to 1956 was a process of bureaucratization and corruption preparing the party to become a channel for social forces opposed to the labor movement; the actual process of "reversal" took place from 1956 to 1957.

As the case may be, we are now faced with the situation that "Social-democratic reformism" in France, as represented by the S.F.I.O., has ceased to resemble any set of facts that this definition calls to our minds. To continue considering it as the main area of activity for revolutionary (or any other kind) socialists at the present time is a triumph of abstract and formal thinking.

All this, however, does not answer the question of what is to be done. Comrade Shachtman suggests that a balance sheet of the numerous efforts to build a socialist movement outside and against the S.F.I.O. would show failure. He is right. Beside the continued existence of the Trotskyist PCI, which is neither a failure nor a success, there have been three attempts: the PSOP, led by Marceau Pivert, which did not survive the war; then the RDR, the most erratic of the three, which the ISL supported at the time, and today the PUGS. It is not too early to predict failure for the PUGS, even in its own frame of ref-

erence, which is not exactly one of "irreconcilable conflict" with the S.F.I.O. But we are not suggesting commitment to the Union Gauche Socialistes (PUG), as an alternative to entering the existing mass parties.

Our problem is not merely one of building a "good" party to oppose to the "bad" parties; it is, unfortunately, far more difficult.

The central fact of the present situation is that there is no longer any such a thing as a French labor movement. More precisely: there is no longer any labor movement once you leave the office buildings. There are headquarters, office staffs, newspapers and electoral machines: there is no *movement*, nothing in the plants, no cells, no locals, no organization. This is even true of the CP and the CGT, to a much greater extent than one imagines. If this wasn't true, we would not have de Gaulle and his paratroopers on our hands. All considerations on the French Left have to start from this fact. It is clear that no top-level operations will lead to any positive results as long as this situation exists: neither synthetic creations of new parties, nor Fronts, be they United, Popular, Republican or what have you, nor bureaucratic mergers between staffs of organizations.

The other important fact is that since the Algerian war and the crisis of Stalinism there has been a growing tendency towards new political alignments in the working class. On all important issues, the tendencies have cut across party lines. This is only natural in a situation where the majority of the working class stands outside the parties, and where the parties are too weak to impose their discipline on their followers. Today every single party with a working class following is threatened by a split in one degree or another: the S.F.I.O. is practically

split already, the C.P. could easily split on the issue of de Gaulle, the P.U.G.S. could split on the issue of Stalinism. The only reason why the M.R.P. is not about to split is because the bulk of the Catholic workers have withdrawn from it at an earlier time, and now occupy an independent position. The unstable and provisional character of the parties and of party commitments, then, is another central fact. Most socialists in France are agreed that a new movement is in gestation, of which we know nothing except that it will not be centered around any of the existing parties, even though it will include elements from all.

THE PROBLEMS WHICH we are facing today cannot be solved by the parties or through the parties, but by new organizations cutting across party lines. What is involved is re-building the labor movement in France from the bottom up: create factory organizations that work, connect them in a united, de-centralized trade-union movement solidly based on its local units, democratically controlled on all levels, including many different tendencies on equal terms. On the political level, the corresponding task is to reconstitute a united socialist labor party, including the majority of the communist workers, such social-democratic workers as there are, the Catholic workers, the revolutionary minorities.

These are not abstract tasks and perspectives: events are forcing these tasks and perspectives on all of us: those who have been wanting to do this very thing for years, and those who reluctantly tag along because there is no other solution. If no progress is made in this direction within the next few months, fascism is virtually certain, and the work will still have to be done under fascism.

THE NEW INTERNATIONAL

What is the point of leverage for socialist action in the present situation? In my opinion all movements that work toward a reconstruction of the French labor movement along the lines described above. At the present time, the "Mouvement pour un syndicalisme uni et démocratique," led by Forestier of the Federation of Teachers Unions, Pastre of the CGT and Lapeyre of FO is agitating for a united trade union movement, inclusive of all tendencies and independent of parties; the "Comité de liaison e d'action pour la Démocratie Ouvrière" (CLADO) stresses the need for an independent class policy and for direct rank-and-file control. The function of revolutionary socialists is to initiate or support all movements of this type, from whatever vantage point seems most effective in the given situation.

What this vantage point is, depends largely on one's personal possibilities. The object is to turn all movements for the reconstruction of the labor movement into rank-and-file movements, if they do not already originate at the base. In the present situation valuable work is being done in this

respect by elements scattered among various groups and organizations. Undeniably some groups offer greater possibilities than others; part of my argument is that the minority in the S.F.I.O., although not altogether useless, is among those groups which have the least to offer in that respect.

It is unlikely that the present parties or trade unions will survive under the pressure of coming events. They do not deserve to survive. Their disappearance is a condition for the reconstruction of an effective labor movement in France. Engels wrote in 1858 that "one is really almost driven to believe that the English proletarian movement in its old traditional Chartist form must perish completely before it can develop itself in a new viable form. And yet one cannot foresee what this new form will look like." Today these words seem meant to describe the French situation. To cling today to organizations which are organically involved in the process of decay (both as a cause and as a by-product) is to shut oneself off from all possibilities of effective action.

André Giacometti

June 1958.

A Reply To Comrade Giacometti

The Counsel of Despair

Defends ISL's Opposition to Splitting Technique

We are publishing the article by Andre Giacometti on the situation and problems of socialism in France today not because it represents our point of view but as a personal contribution to the discussion by a comrade who is actually on the scene of the tragic events in that country.

The right which the article should

and does enjoy in a discussion is reason enough for its publication. In my opinion, however, there is an even better reason for it. That does not lie in the picture it paints of the state of the labor and socialist movements in France, for the lines and colors of that picture are not unfamiliar to our readers. It lies, rather, in the less familiar

analysis and outlook of that variegated minority of French socialists who are outside the French Socialist party (S.F.I.O.), who are, and have long been, critical and hostile toward it. Comrade Giacometti's article is, on the whole, a fair reflection of the standpoint of these socialists or at least of significant numbers among them.

This standpoint I reject emphatically. I believe I understand the reasons for it. But to understand is not to agree and I disagree with it as sterile, primitive, a danger to the possibilities for socialist reconstruction in France, and as the counsel of despair. If there is nothing in Comrade Giacometti's article to modify this harsh opinion, he writes more than enough there to confirm it.

The process of degeneration and decay of the S.F.I.O., he says, "is not primarily the result of the mistakes and betrayals of the leadership: it is an irreversible sociological trend produced by the existence of the Communist Party, which has deprived the reformist party of the most active and devoted elements at the rank-and-file level and of any leeway for political maneuvering at the top level." I will decline this open invitation to irony. But these observations are indicated:

—If it was the withdrawal by the CP of good rank-and-file militants from the SP that produced the degeneration of the latter, and therewith assured the present debacle, it would seem pretty clear that those socialists who withdrew their good militants from the SP or failed to bring them into the SP contributed their corresponding share to producing the degeneration and the debacle, and bear their corresponding responsibility for it, without any compensating positive results from their "independence."

—If the degeneration and decay of the SP, which is, in Giacometti's anal-

ysis, as close to absolute as it can get (it represents only 0.4 per cent of the workers, and less than half of one per cent is as good as zero; membership in it is hidden by its own very few militants and is "a factor of isolation"; it offers "no perspective"—not little, but none; nobody, "absolutely nobody" is now going to join it)—if the decay is "not a passing aberration, but the result of an evolution" over which most people, including independent socialists, "have no control"—if the decay results from an "irreversible sociological trend" (mind; sociological and irreversible), then one conclusion at least follows with utter and undebatable inexorability. It is simply this: the very foundation stones and all the possibilities for social reformism, for a labor reformist political movement, in France, alone of all modern capitalist countries, have been altogether destroyed not only for today but for any time in the future (the trend, we understand now, is not only sociological but also irreversible).

This viewpoint has very little in common with a Marxian analysis, even though it may excite the imagination and console the bruised hearts of Cannonites and other primitive pseudo-Marxist. It is disconcerting, however, to find it suffusing the viewpoint of Comrade Giacometti.

I must emphasize, to preclude misunderstanding, that it is not possible to claim that it is merely the S.F.I.O., as S.F.I.O., that is in question. It is the S.F.I.O. only in so far as it is the French social-reformist political movement that is involved—not just the "Mollet gang," and not a "passing aberration," but "an evolution within a specific social and political situation over which independent socialists [or, for that matter, most other people] have no control," an evolution out of the "social and political situation in

France and in the world" which it would be mere "wish" to expect to reverse.

This being so, we have the good tidings that the field of the socialist-minded workers of France is now cleared of all political contestants for their leadership but two: the Stalinists, who have a large portion of the working class, and revolutionary left-wing socialists, who have, to put it delicately, no more influence with the working class than the S.F.I.O. with its absolutely vouched-for 0.4 per cent; the Stalinists who have a *movement*, and the left-wingers and independents who have none; the Stalinists who have, everyone must concede, some prospects, and the left-wingers who, it is clear from Giacometti's article, have no prospect but despair.

Despair? Yes, only despair, if we are to follow the analysis and conclusions of Giacometti.

"The central fact of the present situation," he writes, "is that there is no longer such a thing as a French labor movement." If that is the central fact, and he says what he says and means what he means, I am forced to say, this is fantasy, and fantasy is not a good guide in politics. This commonplace needs no additional proof, but Giacometti provides it nonetheless in the "tasks and perspectives" he sets forth with the notation that they "are not abstract."

In the labor movement? Since none exists—which is already less than encouraging—"what is involved is rebuilding the labor movement in France from the bottom up: create factory organizations that work, con-

nect them in a united, de-centralized trade-union movement solidly based on its local units, democratically controlled on all levels, including many different tendencies on equal terms." That takes care of the problem of the labor movement. We recommend it to the attention of all socialists of good will in France. We need not commend it to the sectarians, of whom there are surely no fewer in France than we have here, for they have been energetically engaged in this task for some time.

In the political movement? ". . . re-constitute a united socialist labor party, including the majority of the communist workers, such social-democratic workers as there are, the Catholic workers, the revolutionary minorities." A new movement is "in gestation, of which we know nothing except that it will not be centered around any of the existing parties, even though it will include elements from all." Who? Well, the SP is "practically split already"; the CP "could easily split"; the P.U.G.S. "could split"; the M.R.P. evidently no longer needs to be split; and there must be others, surely.

I will not say that this architectural wonder cannot possibly be constructed, for God has proved the possibility of even greater miracles. We will not even ask about who is to put it together, or how, or when, or even why. We will simply say it has been done. We will even assume that it will be a larger, more influential version of the P.U.G.S., with more attractive power among the French workers — and it

would not be easy to have less. What conceivable assurance is there that this remarkable combination could adopt a program superior to that of the, alas, ineffectual and, let us say, unoriented P.U.G.S.? Or that it would be able to meet the present crisis in France *any* more effectively than did the S.F.I.O.—except from the standpoint of socialist honor, which was so shamelessly violated by Mollet, but which the independent groups maintained separately no less well than they could unitedly? A socialist is not worthy of the name if he does not preserve at all times the honor of socialism. But *political* people ought to have learned that this essential is by itself not enough, and that it acquires *socialist effectiveness* only if it is linked with a *political movement* or a movement that has real political possibilities.

“... there is no other solution” than the one indicated above, writes G. “If no progress is made in this direction within the next few months,” he is writing in June, “fascism is virtually certain.”

I consider the ominous prediction more absurd than the hope of “progress . . . in this direction within the next few months.” I can understand the absurdity that fascism stands at the gate in France as the justification, by some people, for the monstrosity of Guy Mollet sitting in the same cabinet with de Gaulle and the political gunman Soustelle in order to “save the Republic.” I cannot understand such an analysis of French fascism by a Marxist. I cannot share the counsel of

despair implicit in G.’s analysis as a whole for those deeply concerned with the disgrace and collapse of French socialism and intensely concerned with its rehabilitation and reconstruction. That task is a long one, a hard and complicated one, to perform; and the capitulation of the S.F.I.O. has not made it easier. It is not easy, either, to give advice to comrades in other countries, far more often than it is impertinent, and worse, it ignores unfamiliar conditions. But comradesly internationalism and what I consider tested and retested convictions impel me to say this, at least: the independent socialists, the left-wing socialists, the unattached socialists and Marxists in France, are not on the right road toward a revitalized socialist movement. They once again appear to be, and G.’s article confirms it so dismayingly, following the course of *improvising* a movement from an unreal blueprint drawn from a false social and political analysis. To try it again in the present critical situation, on the basis of the conceptions indicated by G.’s article, which require progress—we assume, serious progress—within a few months in the rebuilding of both a labor and a socialist movement “from the bottom up” that will stave off an impending fascism, is to guarantee that the counsel of despair will lead for sure to the real despair which it bears within it. French socialists can only suffer from it. We American socialists, likewise. That alone, I hope, justifies me in writing as bluntly as I have.

MAX SHACHTMAN

THE NEW INTERNATIONAL

The Recession: A Keynesian View

Predicts a Downward Trend for the Economy

“Too many people are supplied with everything they need. Therefore, they do not buy.”

Alfred P. Sloan, Jr.

THE PURPOSE of this article is to analyze the causes and predict the future course of the current recession. Since any empirical investigation must utilize some theory, I will begin by discussing some of the underlying theoretical notions employed in this article. I hope thereby to present a rationale for my procedure as well as an explanation of it to the reader.

My analysis is primarily based on Keynesian theory. For those who are unfamiliar with this theory, the following highly simplified version of it may be helpful: total income is defined as equal to the total value of production and, also by definition, net savings is equal to income less consumption. If there is net saving, not all goods produced are purchased by consumers. Thus there will be overproduction unless that portion of production which is not bought by consumers is bought by investors, or some other class of buyer such as government. (In line with this formulation is the definition of investment as the purchase of *newly produced* producers’ goods.)

Since most pre-Keynesian theorists (Marx is a glorious exception) assumed that no one saves except with intent to invest, they concluded that overproduction was impossible, since what was not spent on consumption was automatically spent on investment. Keynes, however, pointed out that saving and investment are distinct processes, caused by different factors. It

follows that a reduced desire to invest does not imply a reduced desire to save; i.e., reduced investment does not imply increased consumption. Thus if investment falls, there is overproduction which leads to cuts in production and income. Production and income keep falling until the amount of saving, which is directly dependent on the level of income, falls enough to be equal to the reduced level of investment, at which point there is no longer overproduction but there may be considerable unemployment. Thus investment is the crucial determinant of the level of production and income.

Keynesian theory is a static theory; it discusses only conditions of economic equilibrium. (Note that according to Keynes, equilibrium does not imply full employment; full employment equilibrium is a *special case*, an accident.) Other theorists have carried this analysis a step forward by adding to it a theory of the determination of the level of investment. This greatly dynamized the theory.

As a first approximation, we can say that an increase in the demand for goods causes investment, because it creates pressure for the addition of new productive capacity. The *amount* of investment depends, therefore, on the *rate of increase* of demand. This is the reason that a capitalist economy cannot maintain itself on a high “plateau”: once demand stops increasing, investment must fall and thus income and demand start decreasing. In order for full employment to be maintained, it is necessary that consumer demand increase *at an increasing rate*. For if demand increases at a constant rate,

then investment will not increase at all; and once investment stops increasing, demand stops increasing and thus investment must fall.*

Certain other sectors of the economy have economic effects similar to investment, although they are differently caused. Among these are government spending, exports, and the purchase of homes and consumer durables. Government and foreign demand are clearly additions to consumer demand, but the demand for houses and consumer durables might be considered as part of consumer demand and therefore not meriting separate treatment. The main reason for treating them separately is that purchases of homes and durables are not financed out of current income, but out of past saving or current borrowing which result in additions to purchasing power. Thus an increase in the demand for these goods does not imply a decrease in the demand for other goods.

One final point should be discussed here: the role of inventories in business cycles. Inventory accumulation has the same effect on total demand as does investment: if inventories are rising, this means that businesses are buying up part of the product. Thus inventory accumulation is part of total demand. When inventories are increasing at a constant rate, this portion of demand is constant; only when they rise at an increasing rate can we say that inventory demand is rising. To take a numerical example, suppose that in a given year inventories rise from \$80 billion to \$85 billion, and in

* (a) A more refined account of this theory of investment requires, as a necessary condition for investment, that producers be operating at "full capacity."

(b) This does not purport to be a complete theory of investment, but only explains certain changes in the level of investment. Its significance lies in the fact that it makes investment depend on changes in income, and changes in income on changes in investment. This casual "circularity" can be used in constructing cycle theories which are formally analogous to the oscillatory feedback systems of electronics.

the next year they rise from \$85 billion to \$88 billion. This is properly interpreted as indicating a decrease in demand of \$2 billion, a drop from \$5 billion to \$3 billion. Therefore, our interest must be centered not on the rate of inventory accumulation, but on *charges* in the rate of inventory accumulation.

There are a variety of factors governing inventory accumulation. Three, I think, deserve mention in the present context. First, there is involuntary accumulation, which occurs when sales are below expectations. Second, businessmen try to accumulate inventories in periods of shortages or of rising prices. Third, inventories are adjusted to the actual or *expected* volume of sales. They must be sufficient to assure a smooth flow of goods, but yet no larger than necessary, for it is costly to carry inventories.

IN ORDER TO GET SOME understanding of the nature of the current recession, we must first examine the preceding prosperity and compare it with the two earlier postwar booms. Table I presents the necessary data. It shows the percentage growth in the main sectors of the economy from the beginning of each boom to its end ("trough-to-peak"). Those sectors which have higher rates of increase than the Gross National Product (GNP) can be considered the driving forces of the boom, while those with lower rates of growth show a more passive reaction. While this view is necessarily superficial, it is sufficient to bring out a few major points.

On the basis of the data in Table I we may briefly characterize each of the booms. It appears that far from the economy having enjoyed the even development praised by the liberal chorus, each boom had a unique char-

acter and the ensemble shows a peculiar development. The boom of 1946-48 was led by investment, housing, and consumer durables. In 1949-53, the boom was led by government spending, and to a lesser degree by investment. The 1954-57 boom was led by investment alone. The most striking change in this period appears to be that the demand for consumer durables and housing has ceased to be a highly dynamic force in the economy. Two complementary explanations may be given: first, that the demand has been relatively "satiated," by which is meant that most of those who could afford those goods now have them; second, that home mortgage debt rose from \$23 billion in 1946 to

\$99 billion in 1956, and that other types of consumer debt rose in the same period from \$8 billion to \$42 billion.² Another striking fact is that government spending, although at a very high level and thus in a sense sustaining the economy, has ceased to expand rapidly, and that its tremendous expansion in 1949-53 was easily absorbed and adjusted to by the economy. (In a sense, the 1954-57 boom was a minor postwar boom following a minor war.) Finally, we may note that all through the postwar period investment has increased at a very rapid rate; but only in the recent period has it been the only sector showing a major increase.

Now for a closer look at the most

TABLE ONE

Percentage Change from Trough to Peak

	'46/48	'49/53	'54/57
Economic Sector			
Gross National Product	34	45	23
Investment:			
Producers' Durables	153	46	46
Non-residential Const.	90	52	60
Residential Construction	177	27	7
Consumption:			
Durables	75	21	21
Non-durables	22	24	18
Services	29	35	24
Gov't purchases of goods and services	13	100	14

Sources: Survey of Current Business, February, 1958; National Income, 1954; Business Statistics, 1955. (All published by the Commerce Department.) The figures shown in the table were computed from quarterly data seasonally adjusted at annual rates. The periods date from trough to peak of G.N.P. "Government" includes federal, state and local.

recent boom of 1954-57. Table II shows the year-to-year percentage changes of the main sectors of the economy. The beginning of the boom was led by considerable gains in consumer durables and housing, which in the latter portions of the boom actually declined. In 1956, there was a tremendous increase in investment which more than offset these declines. In 1957, investment was maintained at high levels but ceased to advance rapidly. Consumer demand increased at

a steady but slow rate which was not enough to sustain a high level of investment, let alone induce it to advance rapidly. Without the spur of rapidly increasing demand by consumers or government, the high level of investment could not be maintained. Manufacturing firms which in 1955 were on the average operating at optimum 92% of capacity, were, by September, 1957, operating at 82% of capacity. A huge amount of excess capacity had been developed in a very

brief period, and the investment boom could not be maintained.

Why did businessmen allow so much excess capacity to develop? I think part of the answer may be found by referring to data on their expectations of future sales.* (See Table III.) The big increase in sales which occurred in 1955 caught manufacturers by surprise and was partly responsible for the upsurge in investment in 1956. The increased investment in 1956 was

in turn responsible for the continued, though slower, rise in sales. But it was impossible to continue to increase investment by 30% each year while sales were only rising by 5%. Thus in 1957, manufacturers considerably reduced the rate of increase of investment. Yet they expected sales to increase at the same rate as previously. In this period, however, when investment was the sole factor leading the

TABLE TWO

Percentage Change from Previous Year

Economic Sector	1955	1956	1957
Gross National Product	9	6	5
Investment	7	22	5
Consumption:			
Durables	21	-5	3
Non-Durables	4	6	5
Services	7	7	6
Residential Construction	11	-6	-5
Gov't purchases of goods and services	1	4	8

Sources: Survey of Current Business, February, 1957, and February, 1958. "Investment" is business expenditures for new plant and equipment.

boom, a decline in its rate of expansion had to mean a decline in the rate of increase of sales. In 1957, sales were expected to rise by 7% but the actual increase was only 2%. This failure of sales to increase according to expectations meant the development of excess capacity and a consequent cut-

back in investment plans. This began even in 1957; manufacturers had planned to increase investment in that year by 10%, but the sluggishness of demand caused them to cut back the increase to only 7%. And for 1958, a cut of 17% was planned. That this planned reduction in investment was

TABLE THREE

Percentage Changes in Manufacturing Sales and Investment, 1955-58

Year	Changes in Sales		Changes in Investment
	Expected	Actual	
1955	4	12	4
1956	6	5	30
1957	7	2	7
1958	-2	?	-17 (planned)

Source: Survey of Current Business, March, 1958.

The figure for planned investment in 1958 is derived from the Commerce Department's survey of businessmen's plans and expectations which was conducted in the early months of 1958. All the data on expected sales are based on similar surveys conducted at the beginning of each year. These surveys cover a very considerable portion of all corporations engaged in manufacturing.

guess wrong because their actions, based on these expectations, have unforeseeable effects which are at variance with the original expectation. "Human actions in history produce additional results, beyond their immediate purpose and ... beyond their immediate knowledge." (Hegel) This is, concretely, what is meant by the Marxist phrase, "anarchy of production."

*The following treatment of sales expectations is not at all a subjectivist or psychological approach. Businessmen are not as moody and subject to the winds of opinion as some journalists, their eyes too much on Wall Street, seem to believe. On the contrary, their expectations are usually a clear reflection of their most recent experience. They often

not due to the impact of the recession but in fact preceded it is shown by a survey conducted by McGraw-Hill in October, 1957, which indicated a planned drop of 16%.⁴ (The Commerce figure on planned investment is gotten from a survey conducted in the first months of 1958.) Thus the cut in investment—first in its rate of increase and then in actual amount—was not due to a *reduction* in sales, but merely to an *insufficient increase*.

Thus far, we have neglected the role of inventories, which have played a very important, though hardly decisive, part in postwar cycles. In years of expansion, inventories have increased at an average rate of \$4 bil-

lion, while the average decline has been \$2.5 billion. Table IV shows the rate of inventory growth, and the changes in the rate of inventory growth, as compared with the changes in GNP in each of the past four years. In 1955 inventory accumulation was an important source of increased demand, but in 1956, although inventories kept rising, they did so at the same rate as in 1955 and thus did not tend to increase demand over 1955. In 1957, partly because of the failure of demand to increase much, inventories increased very little; but the *change* in the rate of growth of inventories was *negative*, which meant an actual drop in demand for inven-

TABLE FOUR

Inventory Accumulation and Gross National Product

Year	Inventory Accumulation	(billions of dollars)	
		Change in Inventory Accumulation	Change in GNP
1954	-3.0		-2.0
1955	6.0	9.0	30.5
1956	7.5	1.5	23.0
1957	1.9	-5.6	19.7

Source: Survey of Current Business, February, 1958

ories. Thus the fact that inventories rose by \$7.5 billion in 1956 and by only \$1.9 billion in 1957 meant that the inventory demand of producers and merchants fell by \$5.6 billion. Even before the actual reduction in inventories began in the fall, the reduced rate of growth was having ill effects on the economy.

All through 1957 there were indications that the prosperity had come to a halt and that a recession was imminent. The fact that the boom depended so exclusively on investment, the slowing down of the rate of growth, the development of excess capacity—all these added up to an economic downturn. The industrial production index had reached its peak in December, 1956. Manufacturers' new

orders and sales reached their peaks at about the same time. Soon new orders began to fall, and between January and September unfilled orders were cut by \$8 billion (12%). By the fall, the decrease in unfilled orders and in new orders led to the reduction in inventories which, together with a slight decline in investment, touched off the recession. (It seems likely that the fall in new orders which seems to have precipitated the decline was in large measure due to the reduced rate of inventory accumulation and to a cutback in plans for future investment.)

One further point requires discussion: the inflation of 1956-57. It is my opinion that this inflation was due to the efforts of businessmen to in-

crease their profit margins, which had been falling because of rising wages and increased overhead (due to recent high investment). Because of the monopolistic structure of most industries, it is easy for them to pass higher costs on to consumers. However, doing so restricts the demand for their products. This was the first important effect of the inflation. The second effect was through government policy. The Administration and the Federal Reserve Board, seeing prices rise, concluded that demand must be excessive. This as we have seen was hardly the case. They then proceeded to tighten credit—incidentally, this is the charitable interpretation of their motives—which had the not unexpected effect of still further restricting consumer demand by reducing available credit. Thus at the very time that consumer demand was showing signs of stagnation, the government was discouraging consumers.

THE MOST IMPORTANT ASPECT of any prediction at the present time is not whether and when there will be a "recovery," but whether any recovery that may occur will generate a period of full-fledged prosperity. For only an expanding economy will be able to absorb the growing labor force and

stimulate high investment. According to Keynesian theory, it is possible for the economy to reach an equilibrium at any level of unemployment, depending on the level of investment. However, in so far as investment depends on growing demand, a stagnant economy will cause investment to fall to quite low levels. This reasoning implies that the economy must either advance more or less continuously or face stagnation with very high levels of unemployment. The latter circumstance was exemplified by the Thirties when unemployment fluctuated between the bounds of (roughly) 10 to 15 millions, and showed no sustained tendency either to increase or decrease beyond those bounds. (There is, of course, a third possibility—that government deficit spending maintains the economy at low or "moderate" levels of unemployment.)* Thus in addition to asking what are the economic prospects for the next year or so, we must also inquire into the somewhat longer range prospects of the economy. We may remark that the crucial difference between a recession and a depression is, superficially, the

*This discussion of the future of the recession will ignore the possibility of major government action. I feel it is best to consider the economic situation in abstraction from policies aimed at that situation.

TABLE FIVE

Plant and Equipment Expenditures

Industry	1957	1958 (planned) (\$ Billions)	1957-58 Percentage Change
Industry	1957	1958 (planned)	1957-58
Manufacturing	15.96	13.20	-17
Durables	8.02	6.23	-22
Non-durables	7.94	6.97	-12
Mining	1.24	1.06	-15
Railroads	1.40	0.87	-38
Other Transportation	1.77	1.44	-19
Public Utilities	6.20	6.41	+ 4
Other	10.40	9.10	-13
TOTAL	36.96	32.07	-13

Source: Survey of Current Business, March, 1958.
Percentage change

length of time rather than the steepness of the decline.

Since the end of the war, the government has been conducting extensive annual surveys of industry to determine how much investment is being planned for the forthcoming year. These surveys have had a surprising record of success in making one-year predictions of investment. The results for the survey predicting investment expenditures in 1958 are presented in Table V. The data were collected between late January and early March of 1958.

For 1958 businessmen plan to reduce investment by \$5 billion, or 13%. This is a very general trend appearing in almost every industry. The reduction in investment spending apparently will continue all through the year, since businessmen reported plans to invest at a (seasonally adjusted) annual rate of \$34.03 in the first quarter of 1958 and \$32.55 billion in the second half rate of about \$30.75 billion.

If anything, these data understate the reduction in investment. This has been the experience of previous downturns. It can also be seen by comparing these data with those from a survey of the same firms taken just a few months earlier. This earlier survey reported first quarter planned investment of \$35.52 billion; the later survey indicated \$34.05 billion (seasonally adjusted at annual rates). Also, if we compare the Commerce survey with the very similar survey conducted by McGraw-Hill last October the same result emerges; the McGraw-Hill survey foresaw a drop in total 1958 investment of about 6%, while the Commerce survey taken a few months later indicated a drop of 13%.⁵ While the recession itself is not responsible for the reduction in investment, it will

certainly accentuate it and has done so already.

As we saw earlier, manufacturers anticipate a sales drop of 2% in 1958. If the drop which actually occurs is much greater than this, then investment may be cut even more than is planned. If past history is any guide, this seems quite likely, for manufacturing sales fell more than 4% in 1949 and more than 3% in 1954, and in the first six months of the current recession (July to January) seasonally adjusted manufacturing sales fell 9%.

It is, of course, much more difficult to make predictions for 1958. First, we may note that in the recoveries of 1949-50 and 1954, investment continued to decline for a full year after the Gross National Product had started to rise. Second, we may consider a new body of data collected by the Commerce Department. In its last survey of investment plans, manufacturers were asked for information on the total value, when completed, of investment projects begun in 1957 and in 1958. Projects begun in 1957 had a total when-completed value of \$14.05 billion, whereas projects planned to be started in 1958 had a value of \$9.85 billion. If these data are to be relied upon—there is no earlier experience with them—we must conclude that in 1959 the backlog of work will be considerably smaller than in 1958. This conclusion is further supported by the fact that manufacturers expect to spend \$6.12 billion in 1958 on projects carried over from 1957 (thus almost half of their investment spending will be on backlog projects), and expect to complete, in 1958, \$7.08 billion of the \$9.85 billion started in that year.* Thus the backlog of work

*A survey conducted by the National Industrial Conference Board shows patterns in manufacturers' new appropriations and appropriations backlogs which are similar in pattern to the plans reported by Commerce. See Newsweek, March 17, 1958, pp. 69-74.

carried into 1959 will be quite small. Very likely the same will be true of non-manufacturing industries — some of which have been having exceptionally high investment in the past few years and are now leveling off. In public utilities, for example, projects started in 1957 had a total value of \$5.94 billion, while the projects started in 1958 will have a final value of only \$5.24 billion.⁶ Similarly, in the railroad industry we find that unfilled orders for freight cars were cut in half in 1957, and at the present rate of reduction the backlog will not last a year.⁷

In view of the considerable overcapacity which has been developed in a number of industries, it is unlikely that any investment boom will begin until there is a considerable increase in either government or consumer demand. Before considering these, however, let us turn our attention briefly to the probably course of inventory fluctuations in the coming months and their significance for economic developments.

Between August and the end of February, manufacturers' inventories fell by close to \$2 billion (using seasonally adjusted data). The decline in recent months has been at an annual rate of \$6 to \$7 billion.⁸ How long can we expect this decline to continue? In view of past experience it seems most unlikely that the total decline will be more than \$4 to \$5 billion. Thus the decline should be ended by summer. However, even a drop in the rate at which inventories are being reduced represents a rise in demand. Thus far, the inventory contraction has been contributing to the general economic decline, but soon it should be counteracting the decline. This too must be a temporary effect which may give the appearance of economic recovery.

The long term situation in the housing market may be seen in the following data: between 1930 and 1950 the number of non-farm households added to the population was over 14,000,000 while only about 8,500,000 new non-farm dwelling units were started; between 1950 and 1955, however, the number of new households rose by less than 5,000,000 while the number of new dwelling units was over 7,250,000.⁹ Thus the housing industry, which has been working off a "backlog," is faced with a decreasing market at least until the 1960's, when a new upsurge in family formation is expected.

But in the short period it is possible that the level of residential construction may turn up for a year or two. In 1956-57 the level of residential construction was below the 1955 peak, and if we examine the data we find that the entire decline was concentrated in FHA/VA financed homes, while the value of "conventionally" financed construction actually rose. Between 1955 and 1957 the number of housing starts with FHA/VA financing fell by about 250,000; the percentage of total starts thus financed fell from 51% to 30%.¹⁰ The reason for this decline appears to have been the tight money policy which made FHA/VA loans, fixed by statute, relatively unprofitable for lenders. The data suggest, therefore, that several hundred thousand would-be home buyers sought and were unable to get or were unwilling to take conventional loans. Thus a backlog of unsatisfied demand was created. Given lowered interest rates and not too unfavorable economic conditions, this backlog could lead to a mild and brief housing boom. Such a boom is not ruled out by a recession, provided it is not too severe. On the more pessimistic side, we may note the following interesting

statistic: In the first months of 1958 the marriage rate fell 8% or by 120,000 on an annual basis¹¹. This seems to indicate that in the face of the recession the public is showing an increased reluctance to enter into long term obligations.

Quite frankly, the automobile market is too erratic from year to year to be able to make any confident predictions. Two facts, however, do seem to be worth noting: first, that 1955 was an exceptionally good year for the automobile industry, and second, that 1958 has been an exceptionally bad year for the industry. I am inclined to conclude from these facts that sometime soon the automobile industry will have a good year. On the other hand, it is doubtful whether any such revival will last more than one year, for the industry has long since ceased to be a "growth industry." This was conceded even by *Fortune* as long ago as 1954.¹² As for other consumer durables, most of them are closely tied to the housing market and, except for a few of the newer appliances, reached their growth peak a number of years ago, some even before the Korean War. For example, the following industries had their peaks in the years

shown: television sets: 1955, radios: 1947, refrigerators: 1950, freezers: 1952, washers: 1956, vacuum cleaners: 1947, electric and gas ranges: 1950, dishwashers: 1956, woven carpets: 1948.¹³

This discussion of the major consumer markets has necessarily been uncertain and hedging. Nevertheless, one salient point seems inescapable: although some of these industries may register an advance in, say, 1959, none of them are growth industries any longer and none of them can sustain a real boom. Thus we must conclude that the basic economic pressures for the next few years will be downward.

Herman Roseman

FOOTNOTES

1. The pioneer in this direction was Roy Harrod, Keynes' biographer. See his *Towards A Dynamic Economics*.
2. *Statistical Abstract of the United States, 1957*, pp. 460, 778.
3. *Business Week*, November 9, 1957.
4. *Ibid.*
5. *Ibid. Survey of Current Business*, March, 1958.
6. *Survey of Current Business*, March, 1958.
7. *Ibid.*, February, 1958 and March, 1958.
8. *Ibid.*, March, 1958; *New York Times*, March 2, 1958.
9. U.S. Department of Labor, *Economic Forces in the U.S.A.*, Fifth Edition, 1957, p. 84.
10. *Survey of Current Business*, February, 1958.
11. *U.S. News & World Report*, April 18, 1958.
12. The Editors of *Fortune*, *The Changing American Market*, 1953, chapter 8.
13. *Survey of Current Business*, November, 1957.

BOOKS IN REVIEW

An Excellent Theoretical Analysis

THE AMERICAN COMMUNIST PARTY, A CRITICAL HISTORY (1919-1957), by Irving Howe and Lewis Coser, with the assistance of Julius Jacobson

IN THIS NEW BOOK on the American Communist Party, Irving Howe, Lewis Coser and Julius Jacobson have presented us with an excellent summary

of an important political phenomenon. Their study is not as exhaustive as Draper's brilliant *Roots of American Communism*, and indeed it makes no attempt to be so. Rather, it is a more general survey, and one which will become indispensable for the student who wants a substantial introduction to the subject.

There is not space here to take up the various interpretations of specific points offered in *The American Com-*

munist Party. Suffice it to note that the book is political in the good sense of the word, that it relates the events which it describes to the larger context of social change. The section which demonstrates the relationship between the early days of the Party and the developments in American society and in the American labor movement is an excellent example of this kind of treatment.

And yet, even though we cannot review the specific points of this study (which covers a period of nearly forty years), we can go to the chapter, "Towards a Theory of Stalinism," for a generalized statement of the political and methodological bent which informs the work as a whole. Much of this recapitulation will be a repetition to the readers of the *New International* (the theory of Stalinism put forward by the authors of *The American Communist Party* is substantially the same as the one developed by the independent socialists, often in the pages of this magazine), yet I think it is important in order to give a sense of the book's basic perspective.

To begin with, the authors relate the development of the American Communist Party to the course of the Russian Revolution and the Stalinist counter-revolution. They view modern Russian society as bureaucratic collectivist (with a "new kind of ruling class that neither owned nor could own property, but instead controlled the state in whose legal custody property resided"), and they see the transformation of the parties of the Communist International into agencies of Russian policy as a function of the changes which took place in Russia. They note, of course, the peculiar characteristics of the American Communist Party which made it so susceptible to this process of Stalinization. And they cite the pitiful

record of this Party which, even in its early days, was suspended by wires from Moscow.

Given this perspective, the authors reject the simplistic theory that Stalinism (and the Stalinist parties) "flow" from Leninism. They attempt to strike a balance between two polemical exaggerations: the notion that Lenin's Russia was totally unrelated to Stalin's, the rejection of the obvious evidence of anti-democratic practices which were (honestly) adopted as temporary and later cited as precedents for anti-democratic principles; the other extreme, the theory that there was a perfect continuity between Leninism and Stalinism. As the authors point out this latter conception must ignore . . . a counter-revolution.

Further, *The American Communist Party* also tries to define the social roots of Stalinism and the Stalinist parties in general. The authors are right in referring this to the general crisis and breakdown of capitalist society, yet I think they would have gained by making the point a little more precise. For a third part of the equation—the failure of democratic socialism—must be carefully discussed if we are to develop an adequate theory of Stalinism. It is integral to the rise of Stalinism, it is decisive in terms of framing anti-Stalinist politics. It is obvious that the authors are aware of this point (they indicate it specifically, but one would wish that they had followed it out more rigorously).

But given this conception of Stalinism as a social movement, *The American Communist Party* is able to perform another service: to counter the exaggeration, most typically found in the writings of Sidney Hook, that the Communist Parties were simple "conspiracies." They write with a good feel for the complexities:

A conspiracy—if that is the exact

word for it—did and does exist in the form of an international espionage network maintained by the Russians. This network functioned within the Communist parties, though it probably did its most secretive and dangerous work outside the parties; it recruited agents from the parties, though it was capable of continuing to operate even when the parties were suddenly wiped out; but to identify the espionage system with the Stalinist movement as such, or to assume that party membership almost automatically transformed people into conspirators is an error as dangerous as it is facile.

This understanding leads to another important statement, this time concerning the character of the rank and file of the Communist parties. These people were often recruited to the Party on the basis of idealism, and they made great sacrifices because of their choice. Some, to be sure, were conspirators; some were drawn to the Party for psychological reasons; but many were men and women of truly socialist and humanist consciousness—and they were betrayed. This point is not an academic one; it becomes a practical issue for those who are not willing to see such people permanently "exiled" from democratic movements.

GIVEN THIS SUMMARY, I think it is possible to make a more extended comparison of *The American Communist Party* with Draper's *Roots of American Communism*. In general, I think the two histories should be viewed as complementary.

Draper's study is an excellent, meticulous account of the origins of the Communist Party. It spans but a few years, and its documentation for that period is more extensive than any other study (or, since there are few other books on the subject, it would be better to say that Draper achieves a comprehensiveness which it will be

difficult to match in the future). In the *Roots of American Communism*, there is also a thesis which is central to understanding the Party in this country: the peculiar susceptibility of the American Communists to the process of Stalinization. This is both true and crucial, and Draper was wise to make it a central axis of his entire discussion.

On the whole, Draper's study is "objective" in character—one could hardly tell that he is a former participant in the movement he discusses, nor does he have an obvious political framework. In one or two places, in some comments on Lenin in particular, there is the hint of a world view, but Draper's main line of development is that of a judicious and careful recording of the facts.

Such an approach is, obviously, not that of the Marxist. And yet, it would be foolish to think that it is in opposition to a Marxist analysis. Clearly, this kind of hard digging, of accurate documentation, is absolutely essential to a study of any movement or section of history. In this sense, we are all in interpretation on a solid foundation of fact and scholarly judgment. In the independent socialist tendency, *The Roots of American Communism* has already stimulated Max Shachtman's provocative article in the *New International*, and it unquestionably will figure in a continuing debate.

Howe, Coser and Jacobson's research is by no means as extensive or profound as Draper's. Their study is much more journalistic (and I do not use the word in a derogatory sense as Arnold Beichman did in his waspish review in the *Christian Science Monitor*) and also more political. There is no question that the authors are socialist, and that they write of the Communist movement in terms of their own commitment to democratic

radicalism. (How and Coser, the main authors, are editors of *Dissent*; Jacobson, their principal assistant, is editor of the *New Internationalist*). The difference in approach can be seen in almost every incident which is treated in the two books. For the writers of *The American Communist Party*, social conditions in America during the Party's formative years are an important element. For Draper, the same events are much more of a backdrop, the inner workings of the Party more central.

As I noted before, I do not think it necessary to "choose" between two such methods. Both elements—the extremely accurate account of events and personalities within the Party, the relation of these facts to social conditions and broader questions—are necessary. Ideally, they might be the stuff of a final and definitive study as a synthesis. As it is, they are present in two books which complement each other.

And yet, the very making of this point requires comment on what must be regarded as the major flaw of *The American Communist Party*. The authors, as noted before, are socialists, they are concerned to a considerable extent with political interpretation. And yet, there is no adequate discussion of a major theoretical question: what are the basic reasons for the absence of a mass socialist movement in the United States today and what does the history of American Communism indicate about the future of radicalism in America. I am not, of course, suggesting that this question should have been the heart of the book. But I do think, given the authors' political views, that their study would have been enormously enhanced if they faced up to the question. As they indicate, the Communist

Party itself is now shattered. Does that mean that with this obstacle to American radicalism eliminated there is now the possibility of creating a real and democratic socialist movement? This is not a plea for historians to enter into the "regroupment" discussion; but rather, a concern that socialist historians should deal with the pet intellectual anti-socialist theory now current—the view advanced by Bell that America, given its unique history and strength, leaves no room for a mass socialist movement.

BUT NO REVIEW OF *this new study* should end on a tone of criticism. There are deficiencies in *The American Communist Party*, to be sure. But there is no question that this work will immediately become the standard short history on the subject (even as Draper's volume has taken a similar pre-eminence in its own sphere of more detailed and scholarly treatment), and that it belongs on the library shelf of every socialist. And particularly for the independent socialist, it is heartening to see that such an excellent theoretical analysis of the nature of the Communist Party, and of Stalinism, is now being made available to the general public.

Michael Harrington

Evidence of the Challenge to Labor

SOCIAL RESPONSIBILITIES OF ORGANIZED LABOR, by James A. Fitch, 1957. Harper. 237 pp. \$3.50

This volume is part of a series published by the Federal Council of Churches, a project headed by F. Ernest Johnson who writes the introduction. As he sees it, the book at-

tempts "an appraisal [of the labor movement] by the conscience of the community in accord with the requirements of social justice." The author, John A. Fitch, who wrote *The Steel Worker* in 1910, was a sympathizer of early steel unionism, a rare thing in those days. He begins by defining social responsibility from the standpoint of religion; consequently, this work illustrates the state of mind of the liberal pro-labor churchman, revealing his attitude toward unionism at a time when it is no longer a feeble force fighting defensively for a precariously held position but a permanently established social power. As the text indicates, it is an attitude based in part upon an exaggeration of this power: "it is . . . patent," writes Mr. Johnson, "that the strength of organized labor in many key industries has now reached approximate equality with management in terms of bargaining power."

Mr. Fitch has set himself a two-fold task, to present organized labor to the churchgoer and to confront labor with its social responsibilities. He portrays labor's goals, its activities, its program in a light of unvarying sympathy, ever careful to prevent criticism from implying hostility or from stimulating it in his readers. Where he feels obliged to criticize, he goes out of his way to dissociate his views from labor's enemies.

But now that unions are established and influential, he feels free to admonish them to face up to their responsibilities, as he sees them. And he is ready, in mild fashion, even to question some of their hotly held opinions.

He describes the extent of racketeering in some detail and is happy to record the labor movement's drive to eradicate it; he criticizes restrictions

upon democracy in many unions. In this, he finds supporters inside the labor movement.

He deplores the use of force on picket lines as undemocratic although he understands that strikers are subjected to terrible provocations. He thinks, too, that in the interest of democracy labor ought *voluntarily* to discard the union shop and other forms of compulsory union membership. But he opposes any restrictions *by law* on the union shop and has no sympathy for the motives of those who campaign for "right to work" laws, understanding their anti-union bias. Perhaps, he says too, it is time for the "community" to be represented at the bargaining table not, however, "in its political role, i.e., as the state" but "in their economic capacity as consumers." These opinions are inseparably linked to another; he is convinced that we live now in an era of labor-management harmony in which the fears that motivate the unions (as in their insistence upon the union shop) are an obsolete relic of the outlived past when unions were broken by government intervention and employers violence.

In these respects, Mr. Fitch's advice misses the point. The antagonisms between capital and labor have been restrained but not eliminated. Yet his book is evidence of the challenge to labor. By its friends and by its enemies unionism is viewed as a vast social power in national life. How does it intend to apply that power? Mr. Fitch is eager to underline that question. At one time the labor movement was content to pass from one minor task to the next oblivious of the great issues of the day. With power comes responsibilities; not those that Mr. Fitch would enumerate but great responsibilities nevertheless.

BEN HALL

A Deep Concern for Man and Mankind

ATTORNEY FOR THE DAMNED

Edited by Arthur Weinberg, Simon & Schuster, New York, 552 pp., \$6.50.

It has become eminently fashionable and intellectually chic to have a jaundiced and, even worse, a patronizing attitude toward many turn-of-the-century American radicals and socialists. It is therefore all the more refreshing and inspiring in this age of mediocrity and conformity to read a collection of speeches and pleas by Clarence Darrow recently published under the title *Attorney For The Damned* which gives the lie to such unwarranted and misplaced cynicism.

Editor Arthur Weinberg who at present teaches a course at the University of Chicago entitled "Clarence Darrow, His Cases and Causes" offers a collection of Darrow's summations, each prefaced by a full account of the case, the setting and the emotional atmosphere in which the trial took place. He has divided the material under the four headings which best express Darrow's radicalism, his deep concern for man and mankind—Against Vengeance, Against Prejudice, Against Privilege, For Justice.

The speeches range from an address to the inmates of the County Jail in Chicago offering his revolutionary theories of crime ("Too radical" was the comment of one prisoner when a guard later asked him what he thought of the speech.) to his plea to the jury in his own defense in 1912 when he was indicted and tried for attempting to bribe a juror in the McNamara case. Also included are the Scopes evolution case, the Leopold-Loeb trial, his defense of the

twenty members of the Communist Labor Party of Chicago in 1920 for conspiracy to advocate the overthrow of the government by force, the trial of Haywood, Moyer and Pettibone for the murder of ex-Governor Steunenberg of Idaho, and others.

Although Darrow never joined the Socialist Party ("they're so damned cocksure of everything") he was always friendly and it was his radicalism and utter non-conformism—a mixture of anarchism, socialism, pacifism and pure cussedness which led him to espouse every progressive cause and defend the weak, the victimized, the unpopular. Only once did he withdraw from a case despite his conviction of an outrageous injustice. He said about the Scottsboro defense "the case was controlled by the Communist Party, who cared far less for the safety and well-being of those poor Negro boys than the exploitation of their own cause."

A READING OF DARROW'S speeches turns up little that is simple or vulgar; rather it reveals much that is as complex as man's motives always are and one can only wish that many of the crusades he led in his day were as compelling and alive today when we are sadly in need of them to combat the same evils: crime, bigotry, intolerance, stupidity and lethargy.

In a foreword to the book Justice William O. Douglas writes of Darrow: "His words were the simple discourse of ordinary conversation. They had the power of deep conviction, the strength of any plea for fair play, the pull of every protest against grinding down the faces of the poor, the appeal of humanity against forces of greed and exploitation." Such words are well worth reading.

P. H.

THE NEW INTERNATIONAL

Personal and Moral Problems of the Worker

ON THE LINE, by Harvey Swados. Little, Brown and Company. 1957

In the years following World War II the book market has been flooded by a torrent of third and fourth rate novels whose setting is the business world and whose protagonists range from the ambitious Madison Avenue ad man and the grasping, social climbing executive from exurbia to the man on top of the heap—the millionaire tycoon, sometimes brutal, sometimes tender, usually misunderstood and almost always tragic. It has become a rare event for a novel to concern itself with the personal and moral problems of the worker who is, after all, the man behind the man who sits behind the desk. Yet it is difficult to believe that the Madison Avenue sharpie lends himself more naturally than the man on the assembly line to fictional forms and to an artistic presentation of human problems. It is this which makes Harvey Swados' latest novel, *On the Line*, a rare event. Here, too, the novel has a "business situation." However, the main characters are not men in gray flannel suits but in grease stained overalls. "*On the Line*" has a deceptive simplicity of style and content. It almost appears to be a series of sociological case studies in which the author uses the fiction form to compress and understand the life of nine workers.

Swados is interested in dispelling the myth that the working class has been a full-fledged participant in the Great American Celebration and at the same time avoiding the crude isolating of the worker so often found in the proletarian novel of the Thirties. He emphasizes the harshness of dull, monotonous work. True, work-

ing with files and pencils may not be any more intellectually enriching for white collar workers than for those who work with wrenches and hammers; but by and large it entails less drudgery, less discipline and is regarded more respectfully by the community, and often by the workers themselves. If this were not so, Swados observes, then why the dismay on the part of his intellectual friends who heard that he was returning to work in a factory?

And it is at these liberal intellectuals who foresee the onslaught of the mass man engulfed and stupified by a mass culture, that Swados seems to wave an indicting finger. Not that they have created the situation, but what are they doing to rectify it.

Rather than writing a "proletarian" novel, and ending with the prescribed radical solution, Swados seems to have a more modest, and yet more important goal in mind—to rekindle the interest of the intellectuals in the working class and its problems. If that can be done, then solutions may be forthcoming; but without it, all the worked out solutions may come to nothing.

THE MOST INTERESTING SECTION of the book deals with the relationship between Joe, the vanishing American, a Wobbly-type who has had long experience working, and Walter a young boy out of high school, working on the line to save money in order to go to engineering school. Walter feels that Joe has given him a perspective of what it means to be working in the body shop of the auto plant, the meaning of the assembly line. But Joe, the radical, is inarticulate on this score.

His words of advice to the engineers, the intellectuals, to Walter is "never mind the machinery. Remem-

ber the men. The men make the machines, and they make their own tragedies too. Once your own life gets easier, you'll take it for granted not only that theirs must be easier too, but that they deserve what they get anyway, that some law of natural selection has put you up where you are and them down where they are."

And that is the theme: never mind the machinery; remember the men. But is this the meaning of the assembly line? Though it may not be the answer, it has to be the starting point, if we are to find a human answer.

Strangely absent in these nine portraits of different types of workers is one of a union militant. Throughout the book roams Lou, the committeeman. But he is the tenth portrait. And so we never get Swados' insight into the man who stayed in the shop through the great organizing strikes, was a militant, if not a radical, and now has settled down into a minor bureaucratic job. But he is the crucial figure, the symbol of the schism that concerns Swados, the symbol of the crisis that has separated the intellectuals and the working class. It is strange that he wanders through the book undefined.

SAM BOTTONE

MAGAZINE CHRONICLE

Going through some back issues of the *New Yorker* I came across one of the most fascinating studies to have appeared in recent American magazines. Appearing in the October 26, 1957 issue, "The Study of Something New In History," is a report on the U.S. Army analysis of the experiences of prisoners of war in North Korean camps. The piece is lengthy

THE FIRST INTERNATIONAL:
MINUTES OF THE HAGUE
CONGRESS OF 1872 WITH RE-
LATED DOCUMENTS. Edited
and translated by Hans Gerth.
University of Wisconsin Press. 315
pp. \$6.00.

It was at the Hague Congress, its Fifth, that the Bakuninists were expelled from the First International and it was here that the decision was taken to transfer headquarters to the United States where the International languished and finally dissolved. These minutes are printed now for first time. The German manuscript of the minutes and of a lengthy report by F. A. Sorge to the North American Federation of the International are reproduced photostatically and translated into English. Appended is a detailed series of articles written for the public press by a delegate, Maltman Barry. Students and specialists now have access to invaluable source material; but the general reader, will find reports on the debates too fragmentary and skimpy to get a feeling for the issues in dispute and the arguments advanced on each side. In some detail, although by partisans of only one side, is the description of a faction fight within the American section of the International. A. L.

and well documented, and it would be impossible to detail all the evidence here. But take a few of the major points:

"One out of very three American prisoners in Korea was guilty of some sort of collaboration with the enemy. . ."; ". . . the prisoners, as far as Army psychiatrists have been able to discover, were not subjected to any-

thing that could properly be called brainwashing. . ."; the break-down of Army discipline—in the early days of the war involving attacks by enlisted men upon officers—resulted in an extraordinary high death-rate among Americans. Where the Turks, for example, maintained a morale, esprit de corps and group solidarity and made the tending of the wounded a collective responsibility, there was a tremendous tendency on the part of the Americans to become isolated, anti-social individuals. The consequence was, often enough, death. How explain all of this?

The Army's conclusion is that the American soldier was not "prepared" to become a prisoner. For one thing, the sudden transition from Western to Oriental living standards was a profound shock. For another, the Americans were not prepared to deal with the carefully worked-out campaign of demoralization and indoctrination employed by the Communists. This does not mean that the disintegration of American morale was a consequence of "brainwashing," i.e., of the use of drugs, hypnotic technique, torture, so as to *change the personality* of the subject in a fundamental way. On the contrary, the Chinese did not normally employ these techniques. Rather, they relied upon more simple techniques of the stick and carrot, of humiliation and favors, of atomizing the American units and setting soldier against soldier.

But then, the Army, as least as its views are reported in the *New Yorker* piece, could not (publicly) face up to more underlying causes of the crack-up in the Korean war camps. For these involve a recognition of the massive, world-historical transformation that is taking place in Asia and throughout the globe—a knowl-

edge which is apparently denied to American statesmen and generals today.

The Korean War was the first time in history that an Oriental army met a first-class Occidental army and gained a stalemate. True, there were all kinds of mitigating factors. MacArthur was not allowed to bomb China itself; there were political limitations placed upon the conflict, etc. But when all the proper qualifications are made, an enormous fact remains: the myth of "white superiority," of the Chinese as the slightly comic corner laundryman was shattered. That this was done by a Chinese Army which fought in the interests of a totalitarian and imperialist world-system does not alter the reality. In World War II, there was never a defeatist mood in America—it was always known that the power of the United States would prevail over the "Japs." But the Korean War was different.

It would seem quite difficult to under-estimate the psychological impact of this change. One point from the *New Yorker* is illuminating in this regard. In the first stage of the War (from June to late November), the battle was primarily between the North Koreans and the Americans. MacArthur's insane policy of pursuit across the Thirty-Eighth Parallel (a policy blessed by Washington and revelatory of the more basic aims of American participation in the war) resulted in the sudden appearance of the Chinese Army late in 1950. The North Koreans had often shot prisoners, and the rumour among the American soldiers was that this was the expected fate of the captured. But the Chinese changed that policy. Sometimes, they even shook hands with the man they had just taken prisoner. The North Korean practice

conformed to stereotypes of "Oriental" cruelty; but the Chinese shattered this conception. The result was that many a captive was thrown off balance at the instant of his capture. Or so the Army reports.

But secondly, there is the whole question of the role of politics in an Army. From the French Revolutionary Army, through the Red Army of Trotsky and in the streets of Budapest in 1956, it has been demonstrated time and again that a conscious, aware army—an armed movement of the people—has tremendous qualities of resourcefulness, bravery and the like. In a sense, the American Army in Korea in 1950-53 was the exact reverse of this image of the revolutionary Army. More than at any time in history there was a fuzziness as to precisely what the war was about; there was the frustrating fact that it could not be decisively ended; and there was the general lack of a political consciousness of participation, on the part of soldiers, on the part of people back home.

World War II had the minimal virtue of being fought under a progressive mythology; the Whitmanesque nothings of a Henry Wallace could provide it with the sound, if not the substance, of a liberal crusade against fascism. But the Korean War was fought against a progressive mytholo-

gy, i.e. against a vicious system which, however, masks itself in the rhetoric of socialist humanism. And on the American side, there was no consensus as to what it all meant, no rhetorician to dress imperialism up in the armor of a crusade. It is impossible to read the *New Yorker* discussion without realizing that this factor—so pervasive in all of our national life today—was one of the elements in the incredible break-down of the Army in the camps.

And what is the Army's answer? In part, it is Eisenhower's grim little statement, "I am an American fighting man" which is based on the assumption that what the Army knows happened did not happen, i.e. business at normal. In part, it will be, according to the *New Yorker*, a campaign to better acquaint soldiers with the conditions they will face upon capture. And, in part, it will be a program of political indoctrination. The only problem with the last point is that America today doesn't even possess a good bogus political rationale for its policy. Once the platitudes about the "Free World" are over, there is nothing there. And so long as this persists, the terrible results of the Korean PW camps will be a very real possibility.

M. H.

CORRESPONDENCE

A Dissent from Schachtman's View

To the Editor:

MAY I briefly state for the record my disagreement with the views on Lenin and Leninism which

were put forward by Max Schachtman in his article "A Re-Evaluation of the Past." His newly discovered strictures against Lenin appear to me to be based on factual inaccuracy, historical misrepresentation, and curious logic. They also strike me as

being a *transitional* stage in a rather precipitous transformation of political thinking; for example, Schachtman's strange argument that Leninism "invites" putschism needs only easy adaptation to become the argument that Leninism "invites" Stalinism. I regret that circumstances make impossible an article; such as I would otherwise write, discussing the historical questions raised; hence this note.

It is true that I have myself criticized and rejected some views of Lenin's (such as "revolutionary defeatism"), for in my opinion he made quite a number of mistakes; but I do not think that this is any reason to go along with the overwhelming pressure inherent in the reactionary American climate to "repudiate" Lenin, his role as a great revolutionary leader, or the essentially liberating character of the Russian Revolution, which was destroyed by Stalinism.

HAL DRAPER

A Reply to Draper

Facts are facts and logic is logic; but there is still such difference of opinion on what they really are and, alas! so little time with this last issue of the *New Internationalist* for Comrade Draper or anyone else to go into it all. But Draper is determined to place himself on record and that is his right. Comrade Schachtman is away on vacation and so I would like to keep part of the record clear, too.

Draper meticulously places the word "repudiate" in quotation marks; an unwary reader might get the impression that this is a quotation from Schachtman's article, or even a paraphrase of it. Nothing of the sort. There follows, similarly, the welcome

news that Draper continues to defend the Russian Revolution of 1917 which, he presumably insists, Schachtman proposes to "repudiate." Nothing to it. He must have read someone else's article; or perhaps he is thinking of the article that Draper might have written if he were Schachtman and has contrived to fit the article to Draper's letter. It is all a product of his own political imagination.

Lastly, there is the once-familiar charge that Schachtman's article is a "transitional stage," in "the reactionary climate" toward the evil theory that "Leninism 'invites' Stalinism." This little bugaboo deserves a short comment before it is mercifully forgotten. As he himself reminds us, Draper wrote a long three-part article over almost a whole year of the *New Internationalist* criticizing Lenin; (were they "strictures"?). Draper has complete confidence in his own socialist integrity and is not disturbed. But if some outsider wanted to be nasty; or if he was determined to examine every word with a microscope so fine and so powerful that it picked up what was not even there, he could quickly discover a Draper "transitional stage" under the pressure of reaction and exult in heralding it to the world.

That method of argumentation was once common practice and it once effectively stultified thought. Even then, I recall, Draper was never one to be impressed by it. Now it has lost all power to frighten people. A fine time to decide to turn it against others!

H. W. BENSON

ISL Statement

(continued from page 75)

Trotskyism or defined as such. Our own experience with movements professing such creeds has only served to confirm us in our view that socialism cannot be built as a durable and effective movement if they are imposed upon it, nor can its desirable unity be maintained under that condition. We are strongly in favor of a broad party with full party democracy for all, which does not demand creedal conformity on all questions, whether they be of a theoretical character, or of an historical character. Such conformity typifies the sect; it is alien to a living, democratic, socialist political movement in which differences of opinion may be freely held and set forth.

We subscribe to the declaration on the Aims and Tasks of Democratic Socialism, adopted by the Socialist International with which the SP-SDF is affiliated, as the acceptable basis for reuniting and reconstructing a worthy socialist movement in this country. It is on this basis that the ISL first proposed union with the SP-SDF and on this basis it now enters its ranks. We take note of the prefatory statement with which the American SP published the Aims and Tasks of Democratic Socialism in this country:

"Some will be disappointed that the statements are so general. Others will recall that Socialists themselves differ widely on important immediate issues. A few will look in vain for a complete blueprint of a socialist society. The American Socialist Party, too, has some differences with the sentiments expressed, and this is doubtless true of every party affiliated or otherwise connected with the International. In the Socialist International, there is room for constructive dissent."

It is in this spirit of socialist unity

that we continue our activity in the ranks of our party, the SP-SDF, and in which we call upon all other socialists to do likewise. We have every confidence that in the days ahead we will find an ever-widening sphere for our activity, that socialism will once again become a militant, effective and respected political movement in the United States, that its influence will spread throughout the broad popular movements and circles of the country, above all the mighty trade-union movement, the inspiring movement for Negro equality, the reawakening movement of the young students.

Our energies and determination are not dimmed but renewed. Our enthusiasm for the work ahead, the hard work which is its own reward, burns brighter than ever. We know the vast dimensions of the task that lies before us before democratic socialism becomes a political power in the land. But we are confident that in fraternal cooperation with the other comrades of the SP-SDF and with all socialists we here summon to join the ranks we will help to build up the movement again, make it the proud champion of the cause of all who suffer social oppression and indignity, and bring closer the time of freedom for all mankind.

POLITICAL COMMITTEE OF THE
INDEPENDENT SOCIALIST LEAGUE
Max Shachtman, *nat'l chairman*
Albert Gates, *nat'l secretary*

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A Marxist Review

1958 — 1959

Index of Volumes XXIII and XXIV

(NOTE: The final issue of the *New International* was Spring-Summer, 1958, Vol. XXIV, No. 2-3, Whole Number 179, after which the magazine was discontinued.)

SYMBOLS

BR: Book Review
QN: Quarterly Notes
W: Winter
Sp: Spring
Su: Summer
F: Fall

The first figure in each listing represents the year, the second the page number.

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A. G.

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Trotsky's *Ecrits 1928-1940, Vol. I* (BR),
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