

Fourth International

Crisis In the Marshall Plan

By M. Pablo

Whither Eastern Europe?

Economic Trends in Stalin's Buffer Zone

By Ernest Germain

Dynamics of Revolutionary Change

By Arne Swabeck

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Time Tables for World War III

By John Saunders

September 1949

25c

Manager's Column

Judging from the comments and compliments that are coming into this office, the August issue of **Fourth International**, devoted exclusively to the "American Empire", is finding a favorable response in all parts of the country. It is clear that the elaborate treatment of American imperialism by the Editors fills a long-felt need among radical workers and students. We believe also that the "American Empire" number will be a popular item on the sales list of all literature agents for many months to come.

The facts and arguments marshalled in that issue, relating to the plans and impact of U. S. monopoly capitalism on the world at large and its baneful efforts on the American people at home, will be used as material and text for classes in Marxism and for self-study by those interested in the most important problem of our time.

Two postcards came from readers in Minneapolis:

W. E. L. writes that "As a long time subscriber to the FI and one who regards its contents as the most important current political analyses in print I wish to congratulate you on the masterful manner in which American imperialism is diagnosed and dissected in the August issue. It was well worth the sacrifice of the July issue."

A "Minneapolis friend" says: "I found the August issue of **Fourth International** as interesting as any fictional murder mystery that I have read; however, by facts the FI shows who was, is, and will be the killers. This is one of the best organized issues that I have read. First, in your editorial you gave a brief outline; second, you showed the power and wealth; third, you showed what they are doing to the workers in the world outside the U. S. and what they are doing to the workers here. I hope to see in the future articles dealing with banks,

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insurance, public utility and other monopolies in more detail. Keep up the good work!"

Fred Martin writes from Milwaukee:

"An accurate criterion as to the reception the Milwaukee area is giving the August FI is the order we are placing with this letter for 10 more copies of the same issue. There is an unusual amount of material crammed into it. And the leading articles serve as a motivation or basis for further research and study on the various subjects. The comrades consider the articles of critical importance at this time of the zenith of Yankee imperialism.

"Warde, in his article, (Sixty Years of Anti-Imperialist Struggle) touches the most important question for the moment, that is the social patriotism of the union officialdom and the extent of this disease among the rank and file.

"The comrades feel the need for more material on the fol-

lowing items: 1. The extent of Yankee expansion abroad relating to Truman's "Point Four" of 'developing' the backward areas of the world. 2. A more popular presentation or analysis of the Marxian economic theory as applied to the status of Yankee Power and the reasons for the long overdue collapse."

"The August FI," says Bert Deck, Los Angeles agent, "has been very well received. We are going to use it as a text for one of our Summer School classes. Ruth sold six copies the other noon at the Southern California campus. Two purchasers asked to be placed on our mailing list and said they would attend our Trotsky Memorial Meeting. Many students engaged Ruth in political discussion and showed a lively interest in socialist ideas. Some time before, five copies were sold on the UCLA campus. We are very encouraged about this and intend to do some concentrated work on all campuses with the FI.

It's our best medium of contact with the student youth."

Bert's last point is especially well-taken and we commend it to the attention of all literature agents and branches of the Socialist Workers Party. There is a large potential reading public for the FI on all the college and university campuses. Trouble is that most of this group doesn't yet know of our existence. You have to be like Mohamet when the mountain wouldn't come to him... Let's have some reports on this project of increasing student sales in the next months.

Oakland adds its voice to the comrades south of them and Phyllis B. writes: "The August issue of the FI is certainly a very fine one. We are using it extensively in our sales. The comrades generally are very impressed with this issue."

A short time later the good word followed from W. C. of the other twin city, St. Paul: "The August issue came yesterday—and last night at our board meeting we planned an educational on it for a week from Thursday night. We realize it's a special issue and I'll write you reactions after the meeting. This is in line with our decision that during the months of July and August, we would have business and educational meetings on alternate weeks—and that our principal educational material would be the **Militant** and the **FI**. A good decision, don't you think?"

We certainly do!

O. Daniel of Flint ordered a half a dozen more copies of the August FI and reports that they had sold out all their available copies at a large meeting on the UAW convention.

Howard ordered 20 additional copies of the June FI. He says that the people he had spoken to mainly praised J. Meyer's article on "The Road Ahead in Negro Struggle". "If the next issue goes like this one has, we'll be able to increase our bundle."

FOURTH INTERNATIONAL

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EDITORIAL REVIEW

Crisis In The Marshall Plan

By M. PABLO

"The Marshall Plan is entering a critical phase." So runs the refrain in the international press hardly a year after the plan was put into effect. It is noted with astonishment that Western Europe has never been "further removed" from economic unification and that never (at least since the end of the war) have London and Washington been less agreed "on the manner of resolving the economic problems of the times." (*Le Monde*, Paris, June 24.)

The London *Economist*, June 11, declares: "Unless some change of method is adopted, western Europe will continue to hammer itself into its own autarchic strait-jacket and by 1950 it may find that it has deprived itself of all power of movement, even the power to breathe."

The alarm is sounded from all sides on this first anniversary of the Marshall Plan. Under the meaningful title, "Cassandra Speaking," Walter Lippman says in his column in the *New York Herald Tribune*, June 10: "The problem of European recovery is manifestly deeper and more stubborn than most of the operators of the Marshall Plan realized, than any were willing to admit publicly. The economic exhaustion of Western Europe has been greater than the official estimates allowed, and the disruption of the channels of trade and of the media of exchange has been such that only by extremely artificial, and therefore quite temporary devices, has a moderate volume of trade been restored."

"The fragile recovery which has been achieved is now threatened by a worldwide deflation in which, unlike 1947, the United States is involved. The deflation has set in before, but just before, Germany and Japan are being encouraged to enter the worldwide competition for contracting markets."

Nevertheless, the first objective of the Marshall Plan, the restoration of Western European economy to its pre-war level, has been attained. According to the report issued by the Economic Commission for Europe, production for the Marshall Plan countries (with the exception of Germany which still lags behind) has surpassed the 1938 level by 13 percent; in one year productivity rose 9 percent and the volume of exports 30 percent. This increase of production must be directly attributed to the aid given by the Marshall Plan which has furnished beneficiary countries not only with a large part of raw materials and machines necessary for industrial production, but also with *financial investments*. Thus, out of 148 billion francs invested in the

coal, electrical and gas industries in France in 1948, 90 billion were provided by the Marshall Plan.

But once production was re-established on the 1938 level, the problem of markets and foreign trade made its appearance, and could not be solved with the same relative ease as had the first objective of the Marshall Plan. On the contrary. The revival of production is coupled with the reappearance of competition among the European countries and between them and the United States.

Let us begin with an examination of the second aspect of this problem. It is common knowledge that one of the aims of the Marshall Plan was to make Western Europe independent of "the dollar deficit" by permitting it to attain an equilibrium of its balance of payments with the dollar zone by 1952. Opinion is now unanimous that this aim will not be attained and that a serious deficit in dollars will continue to unbalance Western European trade long after this date. They now even go as far as to point out that this deficit is not accidental and does not result from transitory causes originating in the last war, but is rather to be attributed to the new organic structure of the world capitalist market. The United States will preserve and strengthen a favorable balance of payments in relation to Europe. Under pressure of the crisis, which is now beginning, the economy of the United States will be oriented more and more toward an increase of its exports to Europe and a reduction of its imports from that area. In other words, this means that the United States will tighten its hold on the European and world markets to the obvious detriment of its European competitors.

The Dollar Deficit Continues

In 1948, the nations of Western Europe succeeded in reducing their trade deficit with the dollar zone by approximately a billion dollars by reducing their imports from the United States and from Canada. But in the same period, their exports to America only increased by less than 150 million dollars, that is, by an amount much lower than the corresponding pre-war figure. The year 1949 began with a considerable fall of all European exports to America. Thus, in 1948 Western Europe had a deficit of around \$2,300 million to America. This deficit may vary from year to year *but the essential trend will remain.*

While Europe will not be able to forego American imports the United States, under pressure of the crisis, will be obliged to more and more reduce its imports from Europe. On the other hand, it should not be forgotten that Marshall aid is accorded to European countries on condition of obligatory purchases in America.

We now come to the inter-European difficulties which "threaten" the Marshall Plan but which in reality are a

consequence of the crushing weight which American economy, driven by the exigencies of the coming crisis, brings to bear on the capitalist structure of Western European economy and on the entire world market. The Marshall Plan aims at "the economic cooperation" of Western Europe which is deemed necessary for its "recovery." In reality, for Yankee imperialism this "cooperation" means the possibility of freely circulating its merchandise and its capital over the European market, which to this date is divided and walled-off by a thousand barriers. This was the reason why the U. S., from the beginning, has been opposed to tariff walls, to bilateral trade, to non-convertibility of currency. Wall Street desires a free market in which there can be free play of competition for which it is better armed than any other capitalist power. But nobody in Europe can get enthusiastic over this type of liberalism.

Tendency Toward Autarchy

As a result of the *competitive* and *non-complementary* structure of European production, and important differences which exist from country to country in relation to productivity, production costs and wage scales, the countries of Western Europe—far from orienting toward economic fusion—are engaged in "plans of internal investment," "national plans," which are reflex actions and self-defense against other European competitors and against the United States itself.

The publication of the long-term plans of the Marshall Plan countries has revealed, as is noted bitterly by *The Economist* (June 11), that, "*western European planning is based—unconsciously, perhaps, but decisively on the ideal of national autarchy. In each plan, emphasis is placed on the same phases of heavy industrial development. Each plan does away with some aspect of European industrial specialization. For instance, Benelux and Switzerland are expanding textile production, Sweden is introducing watch-making, and dye-stuffs, steel, machine tools and cotton goods, the countries which manufactured the least of these products before the war are now planning the biggest increases. . . . Under its present plans, Europe will emerge from the Marshall era less economically unified than it went in.*"

In the absence of genuine planning for European economy, which is conceivable only in a Socialist United States of Europe, this tendency can only be reversed by re-establishing a state of competition between the industries of Europe to enable "each country to find the best place for itself and therefore that economic field where a country can most profitably develop its investments."

Crisis of British Empire

In capitalist parlance, it is necessary to facilitate competition by removing the obstacles which now paralyze competition: the question of payments, tariff and trade barriers (quotas, etc.). But the Western powers are far from agreement on all these questions and particularly on the question of payments. The chief obstacle is proving to be the antagonism England is showing to its principal competitors in Europe and in the world—Belgium, Western Germany and the United States.

The English do not want multilateral trade (that is, unrestricted trade) nor convertibility of currency (that is, the right of a country to exchange one currency against another, without limits or controls). They fear that such freedom will benefit the creditor countries or those which have a favorable trade balance toward it, as is the case with Belgium, Western Germany and the United States. By permitting the convertibility of sterling, London would once again risk the mass flight of the gold and dollars which remain in its possession as happened during a brief period in the summer of 1947. It would also risk losing some of its customers to its creditors. But, on the other hand, its refusal to consent to this measure is blocking all inter-European trade and is accentuating the autarchic tendencies of the Marshall Plan countries.

But how far can the resistance of England go? The United States has at its disposal powerful means of pressure over England and it will not hesitate to use them as the crisis grows worse and is forced to tighten its hold on the world market. The day that England consents to convertibility, and to the devaluation of the pound sterling which will follow—on that day one can say that Uncle Sam will have, for the first time, driven a fatal breach into the economic system on which the international power of Great Britain still rests. The death knell will sound for the British Empire, and England itself will enter a crisis from which there is no escape so long as it remains a capitalist country. The definitive balance sheet of the last war is in reality only now being drawn up for England in the battle it is waging to defend itself against the disagreeable proposals being made by its Western partners led by the United States for the purpose of rending the Empire.

No Planning Under Marshall Plan

The Marshall Plan was conceived by Washington as an economic and political instrument designed in part to assure the United States a high level of necessary exports so as to ward off the danger of crisis and, in part, to draw the economically dependent countries into the struggle the U. S. is waging against the U.S.S.R. and its satellites. The Atlantic Pact rests on the Marshall Plan and rounds it out. But the success of the Marshall Plan, from a purely economic point of view, was based on a number of considerations which ignored the realities of the capitalist system and the inevitable consequences of the end of the second war on this system. Capitalism has proved itself incapable of "economic planning" even when all that was involved was "coöperation" on the scale of Benelux. Belgium and Holland have postponed to next year the realization of their "customs union."

As a result of the contradictory nature of capitalist production between the countries and in each country, as a result of the deep-going differences which exist from country to country in conditions of production and distribution and as a result of the general crisis of the system, a relative revival of any capitalist power can only occur to the detriment of the others. Thus, "European economic cooperation" formulated by the Marshall Plan has already been proved to be a myth and we are now witnessing, on

the contrary, a more intense competition among the capitalist countries of Europe than ever before and a return to the policy of autarchy and to "national planning."

The Marshall Plan was drawn up for a situation that would develop without the pressure of economic crisis. Now, no one denies the fact any longer that we have already entered the beginning of a crisis which is designated as "depression," "recession," "disinflation," or some other term to soften its effects on the ears of frightened businessmen. Once begun, the crisis will shake from top to bottom the calculations upon which the success of the Marshall Plan was based. Its first effect will be the increased pressure of the United States on the world market to the detriment of all its competitors and the still more acute competition between European capitalists themselves. In the general alarm, the universal watchword will become "every man for himself," which is certain to be translated by an accentuation of protectionist measures and by "national planning."

On the other hand, the market is already admittedly saturated as the development of production in 1948 in Marshall Plan countries shows and as will soon be shown everywhere in a leveling-off and even a decline, the emphasis changing from production to productivity, that is, to the cheapest possible production in order to meet competition. But a decline or even a stagnation of production must lead to perpetuating and aggravating the dependence of the Marshall Plan countries on the United States and to removing them even further from the goal set by the Marshall Plan for 1952 of making Western Europe independent of the "dollar deficit."

The End of "Full Employment"

In effect, France, for example, must raise its production to 40 percent over the 1938 level and enlarge its present exports by the same percentage in order to maintain its present standard of living. The same is true, in analogous proportions, for all the other countries in western Europe. It is obvious that such a strenuous effort is impossible under the conditions of the new economic conjuncture. In the months to come, it will be productivity that will absorb the principal efforts of these countries. There is great unevenness in the productivity of European countries (with France at the bottom) and between Western Europe as a whole and the U. S. (Western European productivity being less than half that of the U. S.). An increase of productivity will signify the end of "full employment" and the return to mass unemployment.

Characteristic of the striking bankruptcy of the capitalist system of our time is the empiricism of the remedies which bourgeois thought proposes as palliatives for the shifts in the economic conjuncture. During and after the crisis of 1929-33 the bourgeois economists discovered the benefits of "full employment." In general, they followed the school of Keynes in proposals for a more "social" policy which was in reality subsidized by state expenditures for "public works" and then armaments as the only means of reviving the economy.

Between the pincers of competition and a dwindling world market these economists have now become the cham-

pions of a return to partial unemployment for the purpose of reducing the cost of production and of using the industrial reserve army to depress the level of wages. Thus, in England the liberal periodical, *The Economist* (June 4 and 18, 1949), is championing a campaign to return to unemployment to the extent of 7 percent of the working-class population, that is, around 1,500,000. But the disciples of the school of Keynes and Beveridge and the "New Dealers" the world over do not consider this to be a defeat for their ideas. In the coming crisis, they will use the same arguments they have in the past to defend themselves. But let us return to the perspective of the Marshall Plan.

Compromised by the revival of competition, by the antagonisms of the participants and by the developing crisis, the Plan is moving toward its inevitable collapse as an instrument capable of reestablishing a European economy which develops harmoniously and progressively and independent of American credits. While capitalist economy, as a whole, is being battered by the oncoming waves of the real economic crisis the only remaining hope for the bourgeoisie is to maintain a "precarious stability" interrupted from time to time by a "crisis" of the type which England is once again experiencing.

International Information Bulletin

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2. THE EVOLUTION OF THE BUFFER COUNTRIES.
3. "THE THIRD CHINESE REVOLUTION."

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The Economic Position of the New Zionist State.

Dynamics of Revolutionary Change

A Historical Vindication of Marxism

By ARNE SWABECK

"The development of modern industry . . . cuts from under its feet the very foundation on which the bourgeoisie produces and appropriates products. What the bourgeoisie therefore produces, above all, are its own grave-diggers. Its fall and the victory of the proletariat are equally inevitable."

With this prediction two of the greatest minds of human history concluded the most brilliant, the most powerful, and the most authentic indictment ever made of modern capitalist society. Marx and Engels made this unequivocal statement in the *Communist Manifesto* one hundred years ago. Presented as the summation of their critique it embodies the fundamental hypothesis of Marxism.

It is this fundamental hypothesis which has been called into question, maligned and denounced time and again by "critics" of Marx, both astute and mediocre, during the hundred years that have elapsed since the appearance of the *Communist Manifesto*.

One of the recent arrivals among this host of "critics" is a Jean Vannier, whose renunciation of Marxism appeared in the March 1948 *Partisan Review*. Lacking both self-restraint and modesty, a common failing of the mediocre, Vannier presumptuously proclaims the "collapse" of this "century old hypothesis." It has been "proved invalid," he says. But Vannier's confusion is revealed when he explains his conception of Marxism. He tells his readers that there is "no necessary logical connection between Marx's fundamental hypothesis and his economic doctrine"; and adds that "the former was by no means logically implied in the latter."

According to Vannier, Marx arbitrarily formulated his fundamental hypothesis without regard to his analysis of the development of productive forces under Capitalism. Such methodology has nothing in common with Marxism. It is rather an expression of the most profane bourgeois method of thought.

Marx never tired of attacking the philosophers who "always had the solution to the riddle laying ready in their writing desks." In stating the aims of the movement around the *Deutsch Franzoesische Jahrbuecher* Marx declared: "It is precisely the advantage of the new movement that we do not seek to anticipate the new world dogmatically, but rather to discover it in the criticism of the old." And in the same article he added: "We should develop new principles for the world out of its old principles. We must not say to the world, stop your quarrels, they are foolish, and listen to us. We possess the real truth. Instead we must show the world why it struggles, and this consciousness is a thing it must acquire whether it likes it or not."

To discover the new world in the criticism of the old, that is the Marxist method. It was precisely this method which led Marx to discover from his analysis that the development of capitalist productive forces "cuts from under its feet the very foundation on which the bourgeoisie

produces and appropriates products." Hence the conclusion: "Its fall and the victory of the proletariat are equally inevitable."

It is true that Marx addressed the European workmen as follows in 1850: "You will have to go through fifteen, twenty, fifty years of civil wars and international conflicts, not only in order to transform your circumstances but to transform yourselves and make yourselves fit for political power." He could, of course, have added another fifty years or more. He laid down no timetable. Nor did he visualize that process as a straight upward line of battle without setbacks, defeats, or betrayals. It was Marx who laid the basis for our understanding of the ebbs and flows of the class struggle.

The history of the modern proletariat is a chronicle of great heroism and almost unlimited audacity. On more than one occasion from the Paris Commune to the Russian Revolution, and since, it has scaled the greatest heights of triumph, while the impact of this mighty power shook society to its very foundation. But it is equally true that this mighty proletariat has often stopped short of its goal, often retreated. Temporarily swept off its progressive path it has been deceived, betrayed, and defeated, while the class enemy recuperated and putrid bourgeois society won a new lease on life. Usually it is this alleged failure of the working class which becomes the first excuse on the road to renegacy.

In arguing against the validity of Marx's fundamental hypothesis Vannier says: "The answer to such a question could only come from experience itself . . . the political capacity of the proletariat could only be measured in the reality of class conflict." But strangely enough Vannier does not now want to thus measure this political capacity. For him the question is already settled in the negative. Or maybe this is not so strange at all; for what is already settled is only his own renegacy.

Is the proletariat politically capable of taking over power in society and transforming property relationships? Is it a historically progressive class, capable of selecting a leadership and creating a party for this purpose? These questions can be answered only in terms of the whole historical process of development of the material forces of production under capitalism, its relations of production, and the conflict of the former with the latter. Above all these questions can be answered only dialectically. In other words, an answer must take into account the interrelationship of social forces in motion and in conflict in present-day complex society. What is involved here is not merely the problem of strategy but the far broader and all-embracing question: Is the Marxist system scientific? Is it realizable? This is the question we will attempt to answer on Marxist grounds.

It would be a mistake to place any undue importance on Vannier's anemic product. It is merely typical of so

many others. So in attempting to find the correct answer only the subject itself will have real importance; and the attempt must start from fundamental propositions.

In the Author's Preface to the *Critique of Political Economy*, Marx summarizes his materialist conception of history, from which we quote in part: "*In the social production which men carry on they enter into definite relations that are indispensable and independent of their will. . . . The sum total of these relations of production constitute the economic structure of society—the real foundation, on which rise legal and political superstructures and to which correspond definite forms of social consciousness. . . . It is not the consciousness of men that determines their existence, but, on the contrary, their social existence determines their consciousness.*"

How Men Make History

Marx thus makes clear his discovery that all human relations are rooted in the material conditions of life, or more specifically, in its prevailing mode of production. This is the basis for the existence of classes and gives rise to class antagonisms and conflicts, as well as to consciousness of class position. In thus summarizing his position Marx does not imply that the aims, the purposes, or the wills of men are of no importance or play no role in this process. He affirms the contrary in the *Eighteenth Brumaire of Louis Bonaparte*:

"Men make their own history, but not just as they please. They do not choose the circumstances for themselves, but have to work upon circumstances as they find them, have to fashion the material handed down by the past."

What Marx clearly indicates is that the aims, the purposes, and the wills of men, while becoming objective parts of the historical process, are at the same time subject to the laws of historical development. Individuals, says Marx, "have their position in life and their personal development assigned to them by their class." It is this subsuming of individuals under the class which causes their susceptibility to ideas, to conceptions, and even to the prejudices of their class.

Social contradictions and resultant class struggle are the motive power of historical development. And since the conflict between the development of the material forces of production and the existing property relations can find its solution only in the social revolution, the highest form of proletarian consciousness is revolutionary consciousness. To this must correspond, of course, a revolutionary program and a revolutionary party.

The class struggle is essentially a political struggle. Political parties arise out of existing social contradictions. They function in the defense of class interests. And only through the medium of its own political party can the proletariat assume an independent role. Only through this medium can it attain its class aims. The party is that historical organ by means of which the proletariat enters upon the road to class consciousness.

If this progress toward class consciousness proceeded uniformly the problem of building the party and selecting a revolutionary leadership would be relatively simple. But

this is not the case. By its very nature the process is complex and contradictory. The class itself is not homogeneous. It is made up of different strata occupying varying economic positions. These various strata arrive at class consciousness by different roads and at different times. Political division arises out of this situation, which leaves room for conflicting tendencies and ideologies. Moreover the bourgeoisie intervenes and takes an active part in this process. Above all it intervenes ideologically by the superior means at its command.

In one of their earlier joint works, *The German Ideology*, Marx and Engels stated this very simply. They said that "*the class which is the ruling material force of society is at the same time its ruling intellectual force. The class which has the means of material production at its disposal, has control at the same time over the means of mental production, so that thereby, generally speaking, the ideas of those who lack the means of mental production are subject to it.*"

The Corruption of Social Democracy

The ideas of the ruling class were challenged by the social democracy from the moment it entered on the stage of history under the banner of Marxism. It set as its goal the overthrow of bourgeois rule. But the powerful and dynamic expansion of capitalism exerted a corrupting influence. The working class grew in numbers, socialist votes mounted at elections, resulting in greater representation in parliament; the parties became mass parties, growing and prospering institutions. Capitalism could afford certain concessions. The social-democratic mass parties won some democratic reforms which the more conservative layers of the membership were anxious to preserve. Social-reformism found nourishment in such a soil.

The leaders, whose influence grew with the growth of the parties, like the plebeians' leaders of ancient Rome, became anxious to preserve the political status quo. They entrenched themselves. They smothered critical opposition by creating a powerful apparatus and emerging in the role of a bureaucracy with vested interests in capitalism. The practice of class collaboration replaced the policy of class struggle. The bureaucracy usurped and emasculated the traditions of the party which had gained the confidence of the working class. And the party became a mere medium of maneuvers to further the interests of the bureaucracy.

The intervention of the bourgeoisie in this process was not merely ideological in nature. It consisted of various forms of coercion as well as concessions which pitted one section of the workers against others. The bourgeoisie fostered the social-reformist bureaucracy, and while the latter drew closer to the state for protection against rebellion from its own membership, it was itself strengthened by this collaboration with capitalism. And so, in the name of reform, this bureaucracy betrayed the revolution. Its whole task consisted in reconciling the workers to capitalism.

But in the next historical stage of disintegration and decay of capitalism, this bureaucracy was driven to its last refuge: it sought to make society safe for capitalism even at the cost of sacrificing reforms.

Basically it is the intervention of the bourgeoisie in the historical process which accounts for the emergence of social-reformism as a political tendency within the working class. This is one of the by-products of the class struggle. But in the course of its sway and development social-reformism itself assumes the role of an intermediary historical force, and, more than any other phenomenon, serves to stunt and deform proletarian progress toward consciousness of class position. It is the main factor impeding socialist emancipation. Especially is this the case in the present stage of capitalist decay when social-reformism has become both objectively and subjectively a historical force of retrogression. The degeneration of bourgeois society is equaled, if not overshadowed, only by the appalling degeneration of the social-reformist parties.

All of these factors, fitted together in a complex fabric, become a part of the general relations of production. They become a part of the social existence which determines men's consciousness. To ignore or to disclaim the existence of these factors in order to reduce the relations of production to the simple equation of exploiters and exploited is to vulgarize Marxism.

Most assuredly the bourgeoisie produces its own grave-diggers. But in the process it erects innumerable barriers blocking the historical mission of the proletariat. The means of coercion, complemented by the means of corruption and deception, grow and multiply in direct proportion to the growth of class antagonisms within society. In this sense social-reformism is, in the final analysis, a product of bourgeois rule, produced alongside the grave-diggers of capitalism. But being a product of bourgeois rule, social-reformism was also bound to decay with it. Thus, owing to the subsequent historical process, the tradition of past progressive advance became purely negative and was bound to be broken.

Bolshevism Restores Marxism After Betrayals

Did this lamentable role of the social-reformist bureaucracy in any way prove the proletariat politically incapable of taking over power in society? Did it furnish proof of its alleged inability to select a revolutionary leadership? Not at all. The very contradictions that arose from this lamentable role also created an opposite current, as was inevitable.

Out of the betrayals, the left wing grew and gained strength within the working class. Bolshevism restored Marxism to its rightful place in history. In Russia in October 1917, proletarian revolutionary consciousness reached its very apex. Under the leadership of Lenin and Trotsky, the Bolsheviks broke through and demolished the social-reformist barriers. Their aims and objectives expressed the interests and the welfare of the whole working population, and they showed the way to the realization of this program.

Thus the subjective factors entered into reciprocal relations with the objective development by which the revolutionary situation matured. The Bolshevik Party became the important link in the chain of objective historical forces. And in this manner the Russian proletariat selected its revolutionary leadership, thereby assuring its own poli-

tical supremacy. Subsequently the existence of the Comintern, under the same leadership, dealt a severe blow to the social-democratic bureaucracy from which it has never fully recovered.

Stalinism and Bolshevism

But Stalinism supplanted Bolshevism! And here the most malignant "critics" of Marx interpose to tell us that Stalinism grew organically out of Bolshevism as a natural process. If that were really so we would be compelled to seriously question the social qualities of the proletariat, to reexamine our fundamental Marxist concepts.

Nothing could be further from the truth. Stalinism came into power only by physically annihilating the whole of the leading Bolshevik cadre. It would be just as preposterous and equally as false to contend that the vulgar and decrepit reformism of the social-democratic parties grew organically out of Marxism. The rise of Bolshevism proves the contrary.

In reality what we have in both instances are not at all logical developments but rather the emergence of direct opposites arising out of the contradictions of society and out of the lack of homogeneity of the working class. In both cases the opposites represent the conflict of social-reformism with revolutionary thought and action. Which ever predominates at a given period can disappear and give way to its opposite. That is the case of all phenomena in society as well as in nature. However the predominance of social-reformism or revolutionary thought and action is not decided in a vacuum. It is decided in the living struggle of the classes.

In its essence Stalinism is social-reformism based on the "theory" of "socialism in one country" and its peaceful co-existence with the capitalist world. But this does not make Stalinism identical with the social-democratic type of reformism. Nor is Stalinism impelled by the same motivating force. While reformism had its origin in expanding capitalism, Stalinism emerged essentially out of the economic backwardness of the Soviet Union and its isolation in a capitalist environment. The proletarian political and ideological rearmament accomplished by the Bolsheviks through the Russian Revolution and the Marxist policies of the Comintern, suffered a horrible relapse under the Stalinist bureaucracy.

The substitution of Stalinist policy, to use Trotsky's phrase, generated proletarian defeats on a world scale; the defeats generated the rise of the bureaucracy. In place of the Bolshevik tradition there appeared the interests of the powers and privileges of the bureaucracy. For the defense of the latter there grew up a totalitarian police state.

Crisis of the Soviet Bureaucracy

The Stalinist bureaucracy thus represents a parasitic growth upon the workers' state. As such its transitory nature must be recognized. Its totalitarian regime reflects the condition of acute crisis brought about by the contradiction of a bureaucracy superimposed on a nationalized economy. Moreover, this crisis is again reflected in organic form within the bureaucracy itself.

The problem of Stalinism transcends Soviet borders, and its fate will ultimately be decided on the world arena. There it has already been brought face to face with a fundamental and twofold contradiction which in the end will only further aggravate the crisis of the bureaucracy. On the one hand, the existence of nationalized property relations is the basic reason for the growing imperialist encirclement against the Soviet Union. On the other hand, the bureaucracy, concerned only with the protection of its own privileges, collides with the interests and the needs of the masses everywhere. Moreover, the base of the bureaucracy is constantly narrowed by its organic fear of the development of uncontrollable mass movements. Hence, the retreat the Kremlin is now compelled to execute.

Stalinist expansion into Eastern Europe led to the open conflict with Tito, the first serious eruption of the organic crisis of the Soviet bureaucracy. At the same time the Stalinist parties of Western Europe have suffered defeats and decline after experiencing a mushroom growth in the revolutionary period which followed the war.

Unquestionably the economic and political aggression of U. S. imperialism, together with its ominously growing military preponderance, have been a strong factor in forcing the Kremlin to yield ground. But far more fatal in its consequences have been the policy of plunder and the totalitarian police methods pursued by the Soviet bureaucracy itself. Sooner or later the combination of its own contradictions will force the Kremlin to give up the struggle for political hegemony of Europe.

The crisis created by its postwar expansion will be deeply aggravated when the Soviet bureaucracy is compelled to retreat from these positions and abandon many of its privileges. The desperation of a bureaucracy faced with curtailed and dwindling privileges knows no bounds. All prudence disappears and even the tenuous internal loyalty of partnership in crime collapses. The explosions that are certain to follow must in the end lead to the downfall of the Kremlin gang. In the final analysis the laws of history will prove stronger than bureaucratic combinations. Whatever its temporary fortunes, the Stalinist bureaucracy cannot circumvent the course of the class struggle.

But one important question arises: How could the proletariat have been deceived for so long by the Stalinist bureaucracy after its experience with social democracy? How was the recent Stalinist resurgence possible? History must here again furnish the answer. In the first place it has been demonstrated that the proletariat rarely switches allegiance, or attempts to create a new party, until experience has thoroughly proved that confidence in the old organization is no longer justified. Mass allegiance in the Stalinist parties stemmed originally from the conquests of the October Revolution. Although these parties have degenerated to a particularly odious reformist position there is still another element to consider.

Nationalized property relations still remain in the Soviet Union, investing the state with its working-class character. To the masses of American workers this fact may not yet have great significance. To the European proletariat, however, for whom such a social transformation has become

a life and death necessity, this relationship appears in all its decisive importance. Because of this fact, above all, the European proletariat maintained its confidence, in spite of disappointments, in the Stalinist parties, expecting them to lead the way to the socialist solution.

The spreading disillusionment, resulting from repeated failures and outright betrayals by these party leaders, will in the next stage turn into open proletarian hostility toward the degenerate ward-healers of the Kremlin. The lessons learned from the history of Stalinism, including its defeat and downfall, will serve as an enormous contribution toward transforming the proletariat and making it fit for political power.

Proletarian progress toward political consciousness, we repeat, develops in close relationship with the interplay of all the forces at work within present-day society. While the bourgeoisie, by its intervention, seeks to delay this progress, it at the same time creates the very conditions which in the next stage become an accelerating force. That holds true not merely on a national scale, but in the case of international intervention as well.

Role of American Imperialism

In Europe, for example, bourgeois class rule has faced a continuous crisis ever since the end of World War I. This has not been without its ups and downs, to be sure; but the spiral of capitalist decline has been constantly downward. Yet the law of uneven development asserts itself also in this decay stage of capitalism.

American capitalism was still able to expand its productive forces into an integrated system of mass production and attain a higher level of monopoly capitalism. Because of its greater strength it was able to intervene in Germany after the overthrow of the Hohenzollern dynasty. Through the Dawes Plan, the Young Plan, and the Hoover moratorium, it rehabilitated the social democracy and saved German capitalism. In a different fashion, American imperialism aided the expansion of the Stalinist bureaucracy during and immediately after World War II. The latter in turn served as a check on the proletariat, frustrating its efforts for a revolutionary change.

Today American imperialism has taken upon itself the task of restoring and maintaining bourgeois class rule throughout the world. Having utilized at different times both the social-democratic and the Stalinist bureaucracies it is now preparing to boot them out and to assume, in its own name, the offensive on the whole front. Diplomatically, economically, or militarily, Washington aims to crush all efforts toward a social transformation.

American imperialism has become the basic counter-revolutionary force of the present epoch. But even the mightiest of the imperialist powers is subject to the interplay of social forces set into motion by its own relentless aggression. The monopolists may appear even more formidable as the Stalinist parties lose members and influence, and as the Kremlin is compelled to retreat because of its own treachery and its utter inability to meet imperialist aggression on revolutionary ground. However such a retreat has a logic of its own. One result will be the release of the new mass forces from the bondage of Stalinist

ideology. Thus through its world role American imperialism involuntarily gives an impulse to the genuine revolutionary forces—the forces of the Fourth International. American imperialism, contrary to all its plans, accelerates the very process of social transformation which it is attempting to delay and to halt.

Uneven Development of Revolutionary Forces

But the law of uneven development of capitalism also reproduces a certain unevenness in the development of the proletarian revolution and the building of the revolutionary party. This does not take place automatically or mechanically in conformity with the rise or decline of capitalism in one part of the world or another. Rather it occurs as a result of the interaction of specific social forces at specific historical conjunctures. While the proletarian movement in one part of the world may decline or stagnate, or even degenerate because of defeats, betrayals, or outright exhaustion, it will experience a new rise elsewhere due to new historical conjunctures. Fresh forces are thus made available for the movement. That rise becomes a new impulsion for new revolutionary growth. History is replete with such examples.

The European social-democratic parties decayed politically with the decay of capitalism. It had taken a lifetime to create these parties. They enjoyed the mass allegiance and confidence that comes with years and decades of stability. They embodied the hopes and aspirations of their proletarian builders. Betrayal led to frustration, disappointment and demoralization. The stagnation of these parties consumed a whole generation before a new start could be made.

Then a new rise came from the East. Due to its backwardness, Czarist Russia had become the weakest link in the imperialist chain. In the revolutionary situation, beginning with the overthrow of Czarism, which put Marxism and reformism to the supreme test, the Bolsheviks emerged victorious. That victory, growing out of a specific historical conjuncture, imparted a powerful stimulus for new revolutionary growth. Throughout Europe mass forces were freed from the traditional bondage of the social-democratic parties. These forces gravitated toward the new leadership and engaged in decisive battles which further weakened the class enemy.

Some Examples from History

On a somewhat more limited scale history presents numerous similar examples of the dynamics of development of the proletarian movement.

The trade unions of England, after having been driven underground by repressive laws, owe their rise to a considerable extent to the impact of the great French Revolution. Similarly the election reforms in England in 1868, and the great struggles of its labor movement at the time, followed the revolutionary victory of the North in the American Civil War. In both instances the ruling class of England had supported the side of reaction while the workers displayed their sympathy for the revolutionary forces. History shows likewise the reciprocally stimulating effect of the July 1830 revolution in France, the Chartist

movement in England in the early 40's and the revolutions of 1848 on the continent. Later, the stimulating effect of the Paris Commune was not lost on the development of the early socialist movement in Germany and elsewhere in Europe. Finally, it may be difficult, because of the intervention of World War II, to trace directly the impulse given to proletarian struggles elsewhere by the stormy advance of the American workers which gave rise to the CIO. But the stimulating effect of the early postwar revolutionary wave in Europe upon the mass protests of American troops abroad as well as upon the great postwar strike wave in this country stands out most clearly.

And now once again history repeats itself. Ideologically disarmed, and fatally disoriented, a whole proletarian generation, whose hopes and aspirations had been lifted to new heights by the Russian Revolution, appears about to be consumed in the degeneration and decay of Stalinism. However, even as this stagnation and decline seems to reach its lowest depths fresh mass forces are entering the arena of the class struggle.

Asia Enters World Struggle

Colossal upheavals, of an all-embracing nature, have set the whole Asiatic continent aflame. Its teeming millions of people, more than half of mankind, are fired with nationalist aspirations of freedom from imperialist exploitation. Events there, to be sure, have not yet reached the stage of direct proletarian struggle for power. Moreover, in China, which is the very pivotal point, Stalinism has gained new strength from the great military conquests of its peasant army.

But alongside of these gains, the organic crisis of the bureaucracy is transferred to a new and larger arena. First reports indicate this very clearly. The attempts of the Stalinist leaders to reach an agreement with the bourgeoisie have already resulted in a prohibition of further land seizure by the peasants, together with decrees tightening the shackles of the proletariat to Mao Tse-tung's "new capitalism." What could possibly bring the Stalinist rule into sharper conflict with the needs of the masses and the needs of the whole objective situation? Can there be any doubt that the internal dynamics generated by the civil war will produce a new and relentless pressure of class forces?

The real issues remain as stated by Trotsky in *The Third International After Lenin*: "The third Chinese revolution, despite the great backwardness of China, or more correctly, because of this great backwardness as compared with Russia, will not have a 'democratic' period, not even such a six-month period as the October Revolution had (November 1917 to July 1918), but will be compelled from the very outset to effect the most decisive shake-up and abolition of bourgeois property in city and village."

It is precisely because of this situation that, alongside of this recent Stalinist advance, Trotskyist parties are growing and consolidating on a firm Marxist foundation throughout Asia including China. These parties have already proved themselves capable of intervening effectively in the unfolding events. In this fact lies the priceless promise that the powerful upsurge which has begun in

Asia will not be derailed or strangled but must ultimately proceed to greater heights of triumph.

But also within the Western Hemisphere the dynamics of sharpening class antagonisms in the United States will tend to revolutionize the entire development of the American proletariat. Having attained trade union organization and consciousness in less than a decade, this movement stands forth as the strongest proletarian force in the world. As the slowly encroaching economic depression and crisis in the United States envelops the capitalist system in its deadly grip, we may confidently expect that this mighty American proletariat, relatively unencumbered by the debilitating poison of social-reformism, either of a social-democratic or Stalinist variety, will again advance—and this time toward political consciousness preparing it for the direct leadership of the revolutionary party.

Most certainly new impulsions for new revolutionary growth, on a scale far larger than hitherto, are now in the making.

Does history thus merely repeat itself in what appears as recurrent cycles? No. The cycles recur but each time in infinitely larger dimensions and on a higher level of development.

Capitalist decay, regardless of relative and temporary revival here and there, is proceeding apace. Colonial imperialism has suffered a death blow from which it will never recover. New crises, new imperialist wars, colonial upheavals, and civil wars, all merge into the ever more complex pattern of the class struggle. This complex of economic, social, and political conditions poses ever more sharply the needs of the proletarian revolution. The revolutionary movement is no longer confined to the continent of Europe. The proletariat, together with the oppressed colonial people, is being drawn into the revolutionary vortex on a truly world scale. It is this complex which again sets the proletariat into motion in its progress toward greater political consciousness, all remaining illusions, deceptions and betrayals notwithstanding.

This is how the question of the proletarian capacity of transforming society should be posed. All that is settled so far in regard to this question is the utter bankruptcy and treachery of the existing proletarian leadership. Between this hopelessly degenerate and incompetent leadership and the inexorable need of the masses to extricate themselves from the deadly consequences of capitalist decay, lies a great chasm still to be bridged. Yet our epoch remains revolutionary; and the struggle for the ideological influence in the ranks of the proletariat still continues. Trotsky said in *In Defense of Marxism*: "*The selection and education of a truly revolutionary leadership, capable of withstanding the pressure of the bourgeoisie, is an extraordinarily difficult task.*" That task still remains the very crux of the question.

The Selection of Leadership

The proletarian leadership does not reflect the class simply and directly but is subject to the influence and pressure of other forces. Nor is the leadership created by the proletariat in general, or in the abstract, but rather in the concrete. Its selection proceeds from the requirements

of the historical epoch and is determined essentially and primarily by the conditions previously prepared, i.e., by the lessons learned from past experiences and the resulting degree of ideological rearmament. The most conscious and the most militant section of the class takes the initiative in this selection.

The Bolsheviks gave an affirmative answer to the question of proletarian ability to select and educate a truly revolutionary leadership. Their answer took as its point of departure the responsibility of social-reformism for the failures of the past. Their victory gave concrete proof of what the proletariat can do. It is this concrete proof which has become the starting point for the present generation of revolutionists.

The Fourth International now repeats that affirmative answer. Its answer proceeds not only from the responsibility for failure of social-reformism, but even more from the causes of the monstrous degeneration of Stalinism and the defeats it has inflicted on the proletariat. This is the Marxist method: to create the new out of criticism of the old, not to discard Marxism which has stood the test of the vicissitudes of history—the exhilarating test of proletarian triumph as well as the terrifying isolation of struggle against the stream. Turncoats and renegades may do so to conceal their own cowardice and futility. But to restore Marxism to its proper place within the vast and serried ranks of the proletarian movement—that is the first task for revolutionists of our epoch.

Accepting this task, the Fourth International is proceeding to create the new proletarian leadership. Thereby it gives proof in the process of real life that the revolutionary forces constantly renew themselves despite setbacks, defeats and destruction.

As the Bolshevik Party grew out of the lamentable failure and betrayals of social democracy, so the Fourth International grows out of the horrible wreckage of Stalinism. Trotsky often stressed the incomparable role and stature of Lenin's leadership in the ideological rearmament of the Bolshevik Party and of the Russian proletariat. So the forces of the Fourth International affirm with no less emphasis that they owe their understanding of how to carry out this first task of the epoch primarily and above all to the genius of Trotsky. Marxism has been enormously enriched by his contributions. The disciples of Trotsky, in their understanding of the history and role of Stalinism, will advance Marxism another stage higher.

The Method and Role of Marxism

A thoroughly scientific analysis of history is possible only through the medium of Marxism; for only through this medium is it possible not merely to view history as the process of evolution of humanity, but also to discover and to understand the laws of that process. The Marxist method is dialectic materialism which permits the study of all phenomena in their origin, their reciprocal relations, their change and their disintegration.

A study of the history and development of proletarian parties proves the great advantage of this method. Supplementing our concrete experiences this method enables us to understand the conditions under which changes have

occurred, their causes and the elements of disintegration they embody. From this flows our conclusion that the regeneration of proletarian socialism can only take place through a new party—the Trotskyist party. The very evolution of human society itself, stimulated by its unresolved contradictions and its unpostponable problems, gives this task its historically imperative character. Marxism proceeds in its analysis from the stubborn facts of reality, from the economic foundation of this historical process. Preeminent is the twofold conflict created by the capitalist mode of production which can find its solution in no other way than by a complete social transformation, not only of the classes created by this mode of production, but also of the productive forces and the forms of exchange, or the property relations. Within the gigantic productive forces developed by capitalism there also emerges the means to end the conflict—the modern proletariat.

This invests Marxism with its scientific socialist nature. Scientific socialism in turn becomes the conscious expression of the unconscious historical process out of which it arises and through which it finds its reaffirmation in each new social and political experience. Once the laws of that historical process are thoroughly understood the modern proletariat will be in a position to take matters into its own hands and subordinate these laws resolutely to its own invincible powers.

In this sense the proletariat, and no other force in society, represents historical progress. It is the special and essential product of the development of modern industry. The solution to the otherwise insoluble contradictions of capitalism is inherent in the very position occupied by the proletariat. Marx pointed out in his answer to Proudhon that the question is not what the proletariat "may imagine for the moment to be the aim," but rather "what it will be

compelled to do historically. . . . The aim and the historical action of the proletariat are laid down in advance, irrevocably and obviously in its own situation in life and in the whole organization of contemporary bourgeois society."

Let us not forget, however, that the proletarian revolution is far more fundamental than was the bourgeois revolution. The latter merely changed the forms of property relations and exploitation; it replaced older forms with newer ones. The proletarian revolution, on the other hand, does away with all forms of private property in the means of production; it abolishes classes and class rule, and, with it, the exploitation of one class by another. It follows, therefore, that the proletarian revolution encounters far greater obstacles and difficulties. Capitalist resistance to socialism is far more violent, far more stubborn and enduring than was feudal resistance to capitalism.

It is precisely in this sense that Marx contrasted the more fundamental and permanent character of the proletarian revolution with the bourgeois revolutions of the nineteenth century which were motivated by transitory and limited aims:

"Proletarian revolutions," said Marx in *The Eighteenth Brumaire of Louis Bonaparte*, "such as those of the nineteenth century, on the other hand, criticise themselves ceaselessly and interrupt themselves constantly in their own course. They return to what has apparently already been accomplished in order to begin it again and deride with ruthless thoroughness the half-heartedness, weakness and wretchedness of their first attempts. They appear to throw their adversary to the ground only in order that he should draw renewed strength from the earth and rise again still more powerfully before them. They recoil again and again from the uncertain and tremendous nature of their own aims until a situation is created which makes retreat impossible and the circumstances themselves cry out: *Hic Rhodus, hic salta.*"

Time Tables for World War III

By JOHN SAUNDERS

The key question that absorbs the attention of the American ruling class is when to launch an all-out attack against the Soviet Union. Bernard Baruch has warned Washington that it is absolutely essential to formulate a timetable for the coming war.

For some time the American military has been weighing the problem of whether to prepare for an imminent showdown or for a more leisurely time schedule. Should they concentrate their efforts on the immediate production of B-36 bombers and other weapons now readily at hand or should they pursue a policy of experimentation lest the materiel now being manufactured become outdated at a later period?

But far more important than military preparation, according to Baruch, are the economic considerations. If war is to be postponed then it becomes essential for the Administration to come forth with a plan to stave off the depression. And in addition it becomes necessary to safeguard the economy from the dangers of bankruptcy resulting from an excess of spending over income. Otherwise

the United States runs the risk of being too weakened internally to face the final showdown.

The "War-Now" Crowd

Proponents of "war-now" have always comprised a considerable section of the American monopolists. Only a few months before his death Secretary of Defense Forrestal declared that "time flows against us." Speaking before the Commonwealth Club in San Francisco on April 8, Federal Reserve Board member Marriner S. Eccles bluntly urged a speedy showdown:

"The Communists mean to have another war, if need be, to exterminate capitalism. We must meet these challenges boldly and soon. In any realistic appraisal of the outlook today we are bound to ask ourselves whether we are not relatively better prepared now—or could soon become better prepared—to enforce a settlement than we will be five years or ten years from now.

"Will this menacing cloud that hangs over the world grow less threatening if we procrastinate and postpone a settlement?"

Answering in the negative he further set forth his

fear of delay. "There is every indication that the Russians are consolidating their position and mustering their strength as rapidly as possible. We do not have inexhaustible supplies of manpower and resources to support indefinitely programs of the magnitude which we are now shouldering or contemplating both at home and abroad."

It goes without saying that a large part of the military shares the views expressed by Eccles. Every sign of recovery behind the iron curtain worries and frightens them. Speaking before a group of executives and reserve officers in a class on industrial mobilization in New York City on May 19, Colonel Walter R. Godard warned that the Soviet Union had made "a truly amazing recovery from the ravages of World War II." The Russians had turned the destruction by the Germans into an advantage by rebuilding their heavy industry from the ground up and dispersing it. "By 1950 the Russians could sustain a war from Siberia even if all western Russia were lost. . . . For a nation bent on war it could produce an industrial fortress capable of supplying vast military forces and subject only to difficult long-range attack."

The possession of a supposed monopoly of the atomic bomb figures high in the calculations of the proponents of a speedy war. They have visions of a short successful war without too much sacrifice in life on the part of the American people. A huge air force carrying atom bombs, they believe, could demoralize the Russian people, destroy its industry, cripple its transport and force her to her knees. There would be little chance of retaliation as long as the Soviet Union had not accumulated a stockpile of this dreaded weapon.

The United States has the necessary bases; it has forged the Atlantic Pact, thereby assuring allies for this gigantic venture. And European industry has been revived to contribute its share to the preponderance of industrial productivity which the Western powers now enjoy over the Soviet Union and its satellites. Through several years of "cold war" the peoples have been conditioned to an all-out war. There is the danger, however, as the *U. S. News* of April 28 points out, that "the world's war fever, once reduced, will be harder to stir up despite fighting in China and Greece, or threats to Japan."

There is also the realization that hatred toward the United States is increasing among the peoples of the world and it might be wise to act at once before they completely turn against the Wall Street bully. In addition, the possibility also exists that the building up of the German and Japanese economies will in the long run furnish a nucleus for new alignments directed against this country.

But the permeating fear is the coming depression which is bound to stir class hatreds and internal dissension that will not be conducive to a united war effort. Most of all there is the unpalatable truth that capitalism is in precipitous decline with time definitely working against its survival.

Limitations of Atom Bomb

Despite the powerful arguments adduced by the proponents of speedy war, a goodly section of the ruling class remains unconvinced or at least hesitant. There is considerable doubt that the atomic bomb will remain the exclusive

monopoly of American imperialism. Besides there is a growing awareness, especially among the more competent military experts, that the atom bomb cannot accomplish the quick victory expected of it. In a series of articles in the *N. Y. Times*, Hanson W. Baldwin, its military expert, debunked the omnipotence of the atom bomb and the hopes of easy victory it had excited.

On May 30, he wrote:

The easy-war, one weapon theorists, with their strategical dependence upon the atomic bomb and the long-range strategic bomber, have sold a bill of goods to Congress and the public that has caused us to put an overdependence upon the bomb and to guard it with almost panicky secrecy. . . .

The simplicity of these theories is beguiling—and dangerous. There are many things wrong with them. First, there is no certainty that the atomic bomb can win any war of the near future. There is almost absolute certainty that it cannot stop the Red Army, and that if we do not attempt to defend Western Europe by all means in our power, that region would be easily overrun in case of war.

Gen. Omar Bradley, Army Chief of Staff, is quoted in the May 20 issue of *U. S. News* as testifying as follows before a Congressional Committee: "Ultimately, a war between nations is reduced to one man defending his land while another tries to invade it. Whatever the devastation in his cities and the disorder in his existence, man will not be conquered until you fight him for his life." The magazine sums up the general's argument approvingly: "The generals are quietly assuming that they will get the short end of any search for a weapon that wins wars easily. They assume, too, that future wars, in the end, will be won or lost after a long struggle by the infantryman with a gun in his hand."

The leading American strategists have come to realize that the Soviet Union is too vast a country to be conquered easily notwithstanding the atom bomb. The industries of that country are too well dispersed and the location of many of their key plants remains a secret from the enemy intelligence. As a further deterrent, already indicated by Baldwin, there is the fear that the occupation of Europe by the Red Army cannot be prevented by the Western forces.

When the two mighty antagonists are engaged in a death struggle, will not the masses of the world take advantage of the situation and throw off their own oppressors?

Even without the revolt of the masses and with victory secured by force of arms, would not the material resources expended in the war result in the complete bankruptcy of capitalism? Only the United States remained solvent after the Second World War. But with the whole burden of financing the Third World War placed on its shoulders, what are the prospects for Washington to avert bankruptcy especially if the struggle, as seems likely, is prolonged?

The very fight for the "free enterprise" system will thus bring its demise closer. The foremost world capitalist statesman, Winston Churchill, was obliged to allude to this contradiction of capitalism in his speech on March 31 before the Massachusetts Institute of Technology when he stated: "*The problems of victory may be even more baffling than those of defeat.*"

Perhaps because of the realization that another war could sound the death-knell of capitalism, a group of lib-

eral politicians, churchmen and professors have come to the conclusion, without thinking the question through to the end, that capitalism can live side by side with the Soviet Union for an indefinite time. Henry A. Wallace and Alexander Meiklejohn, former president of Amherst, represent this school of thought. They think that the two systems can carry on a friendly rivalry over the years until the more resilient economy reveals its superiority and convinces its competitor to make the necessary changes peacefully. It goes without saying that these utopians and demagogues have so much confidence in the capitalist system as to believe that the United States will come out victorious in this "peaceful competition of ideologies."

But very few American industrialists or statesmen have the naive faith in capitalism possessed by these men. On the contrary it is the very degeneration of world capitalism now going on before their eyes that has convinced them that sooner or later the two systems must meet on the battlefield. Capitalism requires more room for expansion and the Soviet Union with its satellites stands in the way. Even the existence of a weak and degenerated workers' state looms as a mortal challenge to capitalism and must be destroyed. Thus Wallace is not likely to find too many adherents within the ruling class to his present expressed theory. There is on the contrary every likelihood that it will be he who will eventually abandon it.

Yet the conviction exists among the realistic statesmen of capitalism, who fully understand the incompatibility of the two world systems and the inevitability of war between them, that time is on the side of the United States. They point to the fact that the Soviet Union is losing the "cold war" in Europe. They look with pride at the recovery obtained in Western Europe as the result of the Marshall Plan. They see the American colossus and its allies irresistibly gaining in strength while Stalin and his satellites are getting weaker. This viewpoint is perhaps best expressed by Virgil D. Reed, Associate Director of Research of America's largest advertising firm, J. Walter Thompson: "Satellite nations behind the iron curtain are a pie crust which will explode wide open along with Russia itself."

Weakness of the Kremlin's Domain

The press is playing up the economic weakness of Eastern Europe, its lack of progress and the reduction of its living standards. C. L. Sulzberger says in the *N. Y. Times*, January 9:

One thing frequently overlooked in the hysteria of the diplomatic and propaganda conflict between the Soviet Union and the United States is the economic ability of the Soviet Union to wage a war. . . . Examining such statistical information as can be gathered, one finds four vital economic fields in which the Soviet Union is relatively so far behind the United States that one cannot see how any sensible Moscow government could care to risk open conflict until a balance has been established.

While the Iron and Steel Institute estimates that United States output in 1948 achieved an all-time record of 88,000,000 tons and that the existing industry's potential ingot capacity is 96,000,000 tons annually, Soviet production was less than one-fourth of this.

It is estimated that the 17,300,000 metric tons produced by the Soviet Union last year was about a million tons less than produced in 1940. Likewise the 29,000,000 tons

of petroleum produced in 1948 was about 2 million less than in 1940. The nations of the Western world out-produce the Russian world 13 to 1 in petroleum, 6 to 1 in steel, 3 to 1 in coal and 9 to 1 in copper. The Soviet Union was able to manufacture only 8,000 passenger cars last year. Sulzberger estimates: "According to a breakdown of Soviet announced plans and results it would appear that Moscow's plans for the steel, automotive, building material and oil industries have not attained the fixed targets."

He also reports that "the entire educational system appears to have been disrupted," the school enrollment being "only about 29,500,000 last year as compared to 35,000,000 when the Axis attacked in 1941." Referring to the purges Sulzberger states "that apparently three-fourths of all Communist party secretaries in the armed forces have been replaced since World War II ended. This, coupled with fairly large desertions from the Soviet Army, indicates a morale problem of some importance."

Another *N. Y. Times* correspondent, Joseph A. Loftus, writing on March 2, says: "The Soviet worker's position has improved over that of the stringent wartime level, but it seems that he has not regained even his own pre-war standard." Statistics provided by Loftus show how far below the countries of Western Europe are the Russian living standard.

The continuation and even strengthening of the Stalinist police regime in the Soviet Union bears eloquent testimony to the dissatisfaction of the Russian masses. The purges of the ruling Stalinist parties in the satellite countries show the growing hatred for the Kremlin bureaucrats even among those who are closest to the Soviet Union. But perhaps the most crushing blow has been the successful defiance by Tito of the Kremlin bureaucrats. Many of the Stalinist leaders of the satellite powers long to follow his example and are undoubtedly awaiting the appropriate opportunity. The low productive level of the Soviet Union and its inability to help its satellites must lead them ever closer to a break with Stalinism.

Kennan's Thesis

Aware of these trends, George F. Kennan, Director of Policy Planning Staff of the State Department, outlined in *Foreign Affairs* about two years ago his plan for containing the Soviet Union by applying economic pressure to which that country is so vulnerable. This is the policy which has been carried out by the State Department with notable success. Let us quote some extracts from Kennan's thesis which speaks for itself:

It must be surmised from this that even within so highly disciplined an organization as the Communist Party there must be a growing divergence in age, outlook and interest between the great mass of Party members, only so recently recruited into the movement, and the little self-perpetuating clique of men at the top, whom most of these Party members have never met, with whom they have never conversed, and with whom they can have no political intimacy.

Who can say whether, in these circumstances, the eventual rejuvenation of the higher spheres of authority (which can be only a matter of time) can take place smoothly and peacefully, or whether rivals in the quest for higher power will not eventually reach down into these politically immature and inexperienced masses in order to find support for their respective claims? . . .

And if disunity were ever to seize and paralyze the Party, the chaos and weakness of Russian society would be revealed in forms beyond description. For we have seen that Soviet power is only a crust concealing an amorphous mass of human beings among whom no independent organizational structure is tolerated. . . .

And who can say with assurance that the strong light still cast by the Kremlin on the dissatisfied peoples of the Western world is not the powerful afterglow of a constellation which is in actuality on the wane? This cannot be proved. And it cannot be disproved. But the possibility remains (and in the opinion of this writer it is a strong one) that Soviet power, like the capitalist world of its conception, bears within it the seeds of its own decay, and that the sprouting of these seeds is well advanced.

Confident that Russia "is still by far the weaker power" he lays down the directive for American diplomacy: "*The United States has it in its power to increase enormously the strains under which Soviet policy must operate, to force upon the Kremlin a far greater degree of moderation and circumspection than it has had to observe in recent years, and in this way to promote tendencies which must eventually find their outlet in either the breakdown or the greater mellowing of Soviet power.*"

Kennan's theory was partially reinforced by Winston Churchill who in his MIT address held out the hope of internal dissension and collapse of the Soviet bureaucracy, stating, "It may not be our nerve or the structure of our civilization which will break, and peace may yet be preserved." But Churchill was very cautious in answering his own question: "Is time on our side? That is not a question that can be answered within strict limits. We have certainly not an unlimited period of time before a settlement should be achieved."

Churchill like Baruch is willing to delay the war on condition that the Soviet Union offers such concessions as will further weaken its power *vis-a-vis* the Western world.

But despite the known weakness in the Kremlin's bureaucratic structure which Trotsky pointed out a long time ago, it is not a foregone conclusion that the downfall of the Moscow ruling clique will result in the overthrow of existing property relations in the USSR and thus redound to the benefit of American imperialism. There is at least as much indication as there is to the contrary, that an internal shakeup in the Soviet regime would unleash the forces of world revolution which are now being hemmed in and perverted by the Kremlin. What is most significant in Tito's revolt is that the Yugoslav masses still remain as much as ever opposed to the imperialist rulers of the world.

Weakness of World Capitalism

The economic weaknesses of the Soviet Union as outlined by Kennan have likewise been known for a long time. But this little aids a world capitalist system in full disintegration. Each points to the weakness of the other and is counting heavily on being able to outlast its rival. But the question remains as to whether the masses of the world will not be able to settle accounts with both. Kennan relies on America's power to avoid a serious depression, while the Kremlin bolsters its own waning forces with the hope that capitalism will soon be in the grip of economic paralysis.

The current policy of the State Department toward the Soviet Union and its satellites has been a two-edged sword. It has cut down on American exports and has at the same time forced the United States to adopt a military budget that will leave a heavy deficit at the end of the fiscal year. The Marshall Plan has built up economic autarchy in the nations of Western Europe, thereby further demoralizing international trade, the lifeblood of the capitalist system.

In his article in the *N. Y. Times* on June 1, correspondent James Reston points to the necessity for an immediate shift in American diplomacy:

In economic terms, however, the feeling in the Capital is that the need of Eastern Europe for the trade of Western Europe is so great, and vice versa, that this interdependence of the Continent is going to force Moscow and Washington to reach a limited compromise. . . .

Mr. Acheson, it is also observed here, is under similar pressures to increase East-West trade. If the flow of trade from the satellites to Western Europe had been as great in 1947 as it was in 1938, the Western European imports from the new world—and the cost of the European Recovery Program—would have been reduced by 25 per cent. The economic future of the Marshall Plan depends, our officials concede, on their ability to obtain essential imports from other than dollar sources. . . .

This reliance of Western Europe on Eastern Europe and vice versa is forcing both Mr. Vishinsky and Mr. Acheson to face up to several difficult questions. In Eastern Europe Mr. Vishinsky must allow trade with the West or face the danger of an expanding Titoism. In Western Europe Mr. Acheson must find ways of increasing trade with the East or face the prospect of getting more and more appropriations from a Congress that is growing weary in well-doing.

Both Foreign Ministers, in short, are confronted with the prospect of building up the other side. In political terms they do not like it, but in economic terms they are forced to find a compromise.

The United States, being the only solvent capitalist power, cannot permit itself the luxury of an inflation of the type experienced on the European continent. On the other hand it cannot afford a drastic deflation that the cutting off of world trade has placed on the agenda at the present time.

Military Problems Complex

The policy of even a successful prolongation of the "cold war" will undoubtedly find the Soviet Union in possession of the atomic bomb. In that event the destruction of American industry in war will probably be at least as devastating as that suffered by the more dispersed Soviet industry at the hands of American bombers. No matter how, we look at the problem it is fallacious to reason that time is on the side of American imperialism.

There is still another factor that is causing Washington to tread cautiously, especially a section of the Big Brass. No matter how much is expended on the war preparations, there can be little doubt that most of the money brings greater profit to the industrialists than it actually aids in the final drive for war. Military problems constantly grow more complex and baffling. There is the deathly fear of the submarine menace which almost twice foiled the allies in their drive to crush German imperialism and

much effort is now being devoted to obtain a substantial defense against the more modern Schnorkel designs.

The more farsighted see the necessity for diffusing American industry more widely throughout the country. But a recent survey has indicated that it would be too costly to move existing equipment. What is being done instead is to try to build new plants with an eye on the atomic bomb. That will take considerable time.

And then there is the hope, as expressed by Hanson Baldwin, of building up an army in Western Europe that can halt the Russian forces short of the Channel. Finally there is the dire need of containing the flank in Asia lest the ferment there become completely unmanageable and shatter all plans for a successful assault against the Soviet Union.

It is this thoroughness of preparation on the part of the military planners which accounts for their hesitancy to take the final leap, as much as they would like to do so. And we can be sure that the problems that will arise in the future will be no less numerous nor more easily solved than those with which they are grappling today.

The truth of the matter is that the American ruling class is rationalizing when it relies on the theory that time is on its side. The bitter reality is that in its more sober moments it fears the consequences of war and prefers to postpone the evil day as long as possible.

Time Running Against Capitalism

Time has been running against capitalism since the birth of the Soviet Union. That has always been understood by the imperialists and that is why they sought to crush the USSR as soon as possible. If they have failed to do so it is because the forces of the world working class, despite their seeming weakness, have been able to prevent it. Too weak to spread the revolution to the rest of Europe, the world's masses were still able to give sufficient aid to the Bolsheviks under Lenin and Trotsky to force the imperialists to admit defeat after a four-year effort following the First World War.

When the revolution was put down in Germany and the rest of Europe, the young Soviet Republic entered into the treaty of Rapallo with Germany, thereby keeping the capitalist world divided and preserving a precarious balance between the powers. Later, the conflicting interests among the capitalist countries prevented a united struggle against the Soviet Union. The Allied hope that the Soviet Union would bleed to death in the course of the Second World War failed to materialize. The imperialists had once again underestimated the vitality of a nationalized economy originating in a workers' revolution.

Having utilized the Kremlin clique to crush the budding European revolutions at the end of the Second World War, the capitalist powers were in a strategic position to settle accounts with the degenerated workers' state. The Bullitts and the Big Brass urged speedy action. But their advice was not accepted. True, the State Department subsequently unleashed the "cold war." But today they are faced with a menacing situation in China and the Far East. Who doubts that they will face even more insurmountable difficulties later?

It is this chain of events which is worrying capitalist

statesmen like Baruch and Churchill. They see the danger in this drift and fully realize there is no easy way out. They see both the underlying fallacy of the "war-now" crowd and the misplaced assurance of those like Kennan who think the Soviet Union will fall like an over-ripe apple.

That is why Baruch has sounded his note of warning directed in reality to both groups. Great sacrifices will be necessary, he intimates, to win the next war, which is inevitable and cannot be delayed too long despite temporary and partial agreements. The whole capitalist world including the United States will have to be thoroughly regimented and mobilized for this Herculean effort. There must be thorough preparation in materiel and morale. And it must be done at once. There is a little time left, says Churchill, but not too much. Time is flowing against the imperialists.

Can They Set the Date?

If huge concessions cannot be forced from the Soviet Union at once then Washington must proceed with a plan that will definitely set the date for the conflict and proceed directly and unhesitatingly toward that goal. Otherwise it will lose the initiative and be forced to act in time of panic and internal strife. In other words the imperialists will have to lead from weakness rather than strength.

But it is one thing to sound the alarm and it is another to convince a host of arrogant and not overbright politicians and militarists, whose divergences seem to be growing, to formulate a precise timetable for war. And even if agreement upon a schedule is reached what assurance is there that it can be carried out as planned? There is the more likely prospect that the differences over the timetable will continue and perhaps become more aggravated; that a blueprint drawn today will be scrapped tomorrow as has been the case for almost thirty years.

Capitalist contradictions foreshadow a continuous drift until the point of imminent breakdown of world capitalism is reached. That point is not too far distant. No possible agreements with the Soviet Union for the increase of international trade can do more than put a temporary brake on the coming depression. As its last hope of survival and out of extreme weakness American imperialism, like Germany before it, will inaugurate the Third World War. The lifeblood of capitalism is oozing out fast and time is its deathly foe.

However, time which is running inexorably against both world imperialism and Stalinism, is permitting the revolutionary Marxists everywhere the opportunity to build up and season their cadres and arm them with a genuine Marxist program. The recent uprisings in Asia have drawn hundreds of millions of people into conflict with their oppressors. The coming worldwide depression and mounting chaos will bring the now dormant layers of the world's population, including the workers of this country, into the vortex of struggle. The seeds of revolution will sprout everywhere. As each passing day reveals further the bankruptcy of Washington and the Kremlin, the self-reliance of the masses develops. War or no war, they will learn through their own experiences that only the struggle for world socialism can save mankind from barbarism.

Where Is Eastern Europe Going?

Economic Trends In Stalin's Buffer Zone

By ERNEST GERMAIN

A study of the general tendencies of the economic evolution of Eastern Europe reveals that, beginning with 1948, these countries have experienced an accelerated process of assimilation into the Soviet system and economy. It reveals also that this process is still far from completion and that decisive elements still exist in the economy of the satellite countries which make them qualitatively different in character and function from the U.S.S.R. We propose to show these differences not so much in the structural plane as in everyday economic life. The general conclusion which will emerge from this study points to the existence of a whole series of structural difficulties in planning in the satellite countries from which flows the characterization of this planning as partial and hybrid, midway between Soviet planning—itsself a bureaucratic deformation of socialist planning—and “regulated capitalism.”

We have already indicated in our balance sheet of the second wave of nationalizations in the satellite countries that although statification of industry and wholesale trade was practically achieved in most of these countries, agriculture on the contrary remained dominated by small-scale private peasant farming.* The sector of farm cultivation accounted for by the state constitutes a negligible fraction of the total cultivated area. Private farming consists of the whole gamut of property forms ranging from the “dwarf-farms” of a hectare or less to large-scale farming employing farm labor, running to more than 50 hectares (one hectare appr. 2.5 acres). The form of agricultural property varies from country to country not only because of important historical and national differences but also as a result of the different effects of agrarian reforms between the years 1945 and 1948. The *Hungarian* example will suffice to indicate the very pronounced diversities which remain in the form of agricultural property in the satellite countries.

Statistics reveal that the small proprietors, who constitute more than two-thirds of the Hungarian peasantry, actually possess only *one-sixth* of the land; the middle peasants who constitute one-fourth of the peasantry possess more than 35 percent of the land; and a small minority of kulaks, hardly 5 percent of the peasantry, possesses more than one-fourth of the land, that is more than all the poor peasants together. Property exceeding 200 arpents consists for the most part of forests, communal property or collectives, state lands or model farms.

This relationship of forces implies a constant superiority of the kulak over the rest of the village. The mass of landless peasants, allotted veritable miniature lots, possess neither draft animals nor the most rudimentary agricultural implements. It falls to the kulak to supply these essentials and to set the price of their use himself. The agricultural tax in kind (“the quota of compulsory deliveries”), which

* See Fourth International, May 1949.

was enforced from the beginning in all the satellite countries with the exception of Poland, hit the small producer much harder than the large. The kulak profited from the harvest, the interval between shipment and sale, often so lengthy as to compel the small peasant to sell the kulak in advance his entire crop in exchange for which the kulak would supply him with the amount required by the government. Speculation rages both at the source (the harvest) and in distribution (black market or “free” market in the cities) and exclusively favors the well-to-do elements who dispose of all the reserves and who can wait for the most opportune moment for each of their operations.

It took a long time before the Stalinist leaders began to recognize that their entire agricultural policy beginning with 1944-45 had only favored the kulaks. While the Fourth International exposed and detailed this situation in its first statement on the “buffer” zone in July 1945 (Resolution of the European Executive Committee: “The New Imperialist Peace and the Tasks of the Fourth International,” October 1945), it was not until 1948 that the Stalinist leaders felt themselves compelled by experience itself to take a position on this question. Hilary Minc, Poland's Minister of Industry, and the chief Stalinist economic specialist not only for Poland but for all the satellite countries, wrote in the Cominform organ for January 10, 1948:

The wealthy elements on the countryside are the most important producers supplying the wheat market. They manipulate to cause a drop in prices so as to buy up all the wheat themselves and then to resell it at higher prices to the cooperatives and state farms. . . . The Plenum (of the CC of the PPR) . . . has noted that a considerable part of the 13 billion zloty allocated as credit to the small and middle peasants fell into the hands of the wealthy elements despite government instructions.

And Gero, “strong man” of the Hungarian Stalinist party wrote in the Cominform organ (Jan. 12, 1948):

. . . The leadership of our party has come to the conclusion that agrarian reform, which has been applied on a vast scale, has in no way halted capitalist development on the countryside. In fact, it has had the opposite effect: A census covering hundreds of villages shows that during the past years the exploiting class on the countryside—the kulaks—have grown numerically and have greatly enriched themselves.

In fact, the Stalinist leaders have been compelled to acknowledge in all the satellite countries—with the exception of Yugoslavia and Bulgaria which have also experienced this development although not so acutely—that the kulaks had everywhere introduced a direct or hidden system of wage labor, that they had established a virtual monopoly over the wheat trade and were involved in buying up land, circumventing existing legal obstacles by extremely ingenious means. (In Hungary for example farming contracts are transforming the small farmer into a laborer for the kulak.)

Cooperatives and Capitalism

The main obstacle which checked an analogous development in the U.S.S.R. during the period of the NEP was the *nationalization of the land*, prohibiting the sale and purchase of the land which the peasants had just received in usufruct from the state. This obstacle does not exist in the satellite countries where the peasants own the land outright and where the only legal restriction is on the size of this property which varies from country to country (from 30 hectares in Yugoslavia, 50 hectares in Poland to 50 hectares for certain categories and 200 for others in Czechoslovakia). In addition, the Stalinist policy is directed especially toward transforming the system of *peasant cooperatives* into the main barrier against a swift development of capitalism on the countryside.

Peasant cooperatives have a long historic tradition in some of the Balkan countries. In Yugoslavia they have often served as the direct route from a patriarchal economy based on communal ownership of the land to modern small-scale private production. In Bulgaria, the cooperatives have developed through combinations of a number of small individual peasant properties. But whatever its historic origin, the peasant cooperative implying private property of the land and its produce constitutes beyond any question of doubt a form of *small-scale commodity production*, ceaselessly giving rise to capitalism and not at all to a "definite sector of socialist economy," as the theoreticians of the Yugoslav CP pretend. On this point, the theoretical criticisms of Tito by the Cominform are justified, but naturally they did not point out that this erroneous theory originated directly in Moscow and was disseminated in all the satellite countries in the past years.

Far from being a barrier to the kulaks, the development of cooperatives up to now has been utilized by the wealthy elements in order to strengthen their hold over all agriculture. Having gained key positions in the Stalinist party (as Gero admits in the above article) the kulaks dominate the cooperatives and decide the best way for the cooperatives to divide land and seed among all the peasants. They also use the draft animals and machines belonging to the cooperatives to cultivate their own land. This entire trend has been favored by the fact that the so-called "consumers" cooperatives only engage in trade in certain produce; in Poland this applies particularly to vodka which is a state monopoly.

"Leadership of the cooperatives," T. Janczyk writes in *Prag*, August 25, 1948, "is to be found in most cases in the hands of the rich peasants and the activity of the cooperatives consequently is oriented to satisfy the needs of the rich peasants."

The Spread of the "Scissors"

A turn took place in the agricultural policy of the "buffer" countries as the result of directives issued by the Cominform meeting which first condemned Tito. The turn can be summarized in this way: to endeavor to initiate a struggle against the kulaks with the help of state intervention favoring the middle and poor peasants (this point, at any rate, has remained on paper). The state has various levers at its command for this purpose among which the

most important are: the sale of manufactured goods, the price policy, the tax policy, the possibility of legally altering the organizational form of the cooperatives, etc.

All these levers have been effectively employed in one way or another in most of the satellite countries. In Hungary, for example, the government has instituted a sliding scale of state deliveries of agricultural produce, obliging the kulak to furnish three and one-half times more grain per arpent than the poor peasant. In Poland, the government has decreed a fixed price for wheat the year round so as to counteract the drop in price which occurs after the harvest and serves as the best device for kulak speculation. Up to early September each year the poor peasants are given an absolute priority in obtaining fertilizer. But these measures as a whole can be effective only in so far as they *harmonize* and do not *conflict* with the logic of operative economic laws. Otherwise they must inevitably precipitate a whole series of reactions: artificial cut-backs in production, sale of livestock and agricultural equipment, wholesale slaughter of livestock, etc. These can give rise to a real agricultural and food crisis.

This is what happened in 1948 in Czechoslovakia where the government was obliged to beat a retreat and to provide an open market for industrial products in order to induce a real economic interest in the increase of agricultural production. Similarly in Poland the government was obliged to provide goods to the peasant wheat suppliers, allowing them to obtain industrial products below the market price. (*Glos Ludu*, May 4, 1948.)

These measures are an illustration of the famous phenomenon of the "scissors": Agriculture had rapidly recovered from the years of famine and depressed output while the consumer goods industries experienced a great lag as compared with those producing capital goods; the tendency was for the peasants to lose the incentive to increase production because of declining agricultural prices as against rising prices of consumer goods. The stabilization of the price of wheat in Poland is one of the examples of such an attempt to proceed contrary to the interests of the peasantry.

No one can predict the immediate effect of the totality of these empirical and sporadic measures whose object is to curb the influence of the kulaks both upon the peasantry and upon the national economy as a whole. Nevertheless one thing is certain: as long as the present system of exploitation of agricultural property exists, economic laws will continue to favor the wealthy elements and primitive accumulation will remain the essential motive of developments on the countryside.

It is no accident that the Stalinist theoreticians have suddenly dug up Lenin's famous formula: "*Small individual exploitation generates capitalism and the bourgeoisie in a permanent way, every day, every minute, with an elemental force and on a mass scale.*" This is exactly what is happening today in the satellite countries. Around 80 percent of the working population in Rumania and Bulgaria are engaged in agriculture, approximately 70 percent in Yugoslavia and more than 50 percent in Hungary, Poland, Czechoslovakia. Moreover, "the big artisans and tradesmen engaged in the exploitation of wage labor"—that sector of

urban economy which, in Gottwald's definition remains capitalist (Report to the CC of the Czechoslovak CP, Nov. 17-18, 1948)—constitute the natural and permanent allies of the capitalist elements on the countryside.

Finally, it is necessary to reject the absolutely erroneous point of view, "the point of view which I will call that of the specialists, according to which all questions concerning our agriculture will be resolved simply by the intensive application of agricultural technology. However, small agricultural property imposes fixed and well-defined limits on agricultural mechanization and on agro-technological measures. These measures are inadequate, and the only ones to profit from them will be the capitalists from the countryside and the cities [how true!] at the expense of the small and middle peasant proprietors." (Kardelj, *Borba*, April 26, 1948.)

The unavoidable conclusion is that the present structure of agricultural property in the buffer countries constitutes and as long as it continues to exist will remain the most important structural obstacle to all planning even of the deformed and bureaucratic type that exists in the U.S.S.R.

National Boundaries and Planning

Economic planning requires not only nationalization of all means of production and exchange (of which the land remains the most important element in agricultural countries). It also requires the abolition of national frontiers which, along with the private ownership of the means of production, constitutes an absolute brake on any growth of the productive forces. This is not only a Marxist axiom, a general and abstract point of view opposed to the absurd theory of "socialism in one country." It is also an absolutely basic consideration for the purpose of defining the character and possibility of a given economy. Construction of a socialist economy is possible only on an international plane. With the exception of a few ultra-lefts, no one in the communist wing of the movement has ever disputed the possibility of *making a start* in this construction during a transitional period within that concrete national framework established by the victory of the proletarian revolution.

It was the Left Opposition itself which, toward this end, drafted the first plan in the U.S.S.R. against the violent resistance of the bureaucracy and of the Stalinist faction. But, it does not at all follow from this that *any* national framework whatever lends itself to planning on the mere condition that the proletariat had conquered power. It is obvious that a *minimum material base* is indispensable even to the preparatory work of socialist planning. To *make a start* in the building of socialism in Rumania, in Luxembourg or in Paraguay is an even more patent absurdity than to pretend that this construction is *being completed* in the U.S.S.R.

The material basis upon which a plan is established is delimited by the entirety of the economic resources of a country: wealth in land and in natural resources, labor force, the totality of the instruments of labor and machines, the level of productivity and culture, etc. The narrower this material base and the more economic progress depends on foreign countries, the more the pressure of foreign coun-

tries limits the possibilities of *native* development. Of all the countries in the world, the U.S.S.R. is the one which undoubtedly, alongside of the United States, possesses the greatest natural wealth and, for this very reason, is least dependent on foreign countries. But, on the other hand, its character as a backward country, its low level of productivity and culture, rendered it from the outset of its planning extremely dependent on foreign countries from the *technological* point of view, both in production as in the labor process. To the extent that the four Five-Year Plans have only accentuated Russia's technical and economic needs, they have not diminished, but increased this dependence.

What is true for the U.S.S.R. is a thousand times more true for the buffer countries which are not only generally backward from the point of view of their technical development, but are far too small and too poor to be able to realize a degree of autarchy comparable to that of the U.S.S.R.

Now, the maintenance of national frontiers as the concrete framework within which the economic life of all these countries evolves is by no means a necessary historical product; it is exclusively the product of the political orientation of the Stalinist bureaucracy. No major factor, no social force would have been able to prevent the proletariat from smashing the old outlived national frontiers in all of Central and Eastern Europe (and for that matter, in Western Europe also!) during its revolutionary upsurge from 1943 to 1945 and erecting in its place a Socialist United States of Europe or, at the very minimum, at least a Balkan-Danubian Socialist Federation.

This occurred exclusively because of the orientation of the bureaucracy, its efforts to stifle all initiative of the masses as quickly as possible, its attempt to create a buffer zone by means of agreements and compromises with imperialism (Teheran, Yalta, Potsdam, Paris), the need it felt to maintain the old repressive state apparatus and to utilize it in its counter-revolutionary actions. If once again in its lifetime, this bureaucracy is witnessing a rebellion against itself and the theories it has created, and if today, it is forced to polemicize against the obviously grotesque theory of "the victorious construction of Socialism in Yugoslavia," it is only receiving just punishment for its own crimes against the international revolution in the Balkan-Danubian area.

To make a start in the building of a socialist economy in a transitional period even on a national or a limited international plane does not signify in any way that this is to be done on an *autarchic* basis. It is one of the paradoxes of history that the same Stalinist bureaucracy, which during the first Five-Year Plan became the champion of the baneful thesis of the "autarchic plan" in Russia against the Trotskyist opposition, today finds itself forced to fight its own theory, in the buffer countries.

The least costly method of making a start in the construction of a planned economy, not only from a strictly economic but from a social point of view, is in the first place to develop those sectors of the economy where it is possible to obtain a maximum level of productivity and to succeed in surpassing the average productivity of the world market in these sectors. This production can then

be utilized as a means of exchange for the maximum amount of capitalist goods also produced under the best conditions of productivity (naturally taking into consideration the military and economic-strategic defense needs in the event of military conflict). Only this method will enable the proletariat to reduce to a minimum the sacrifices it is compelled to make in order to start the transformation of the economy. By so acting, a workers' state would begin to defeat capitalism on its own ground, would sharpen the economic contradictions of the capitalist world and would begin to compensate for its own dependence on the world market, which remains and even grows, by a *reciprocal interdependence* between the capitalist market and the workers' state. More efficacious than the autarchic orientation followed by Stalin in the U.S.S.R., this policy, however, like Stalin's, requires a minimum of material basis as a starting point. Failing this, planning, as all evidence shows, becomes an empty dream.

Dependence on World Market

There is no other way of defining the effort now being made not only in Yugoslavia, but in all the buffer countries, to build a planned economy within the framework of narrow national boundaries and with a ridiculously limited material base to work on. It was obvious that, to the degree that this effort of planning began to go beyond the preliminary stage of *economic recovery* (1945-47) it was bound to develop within the framework of a dependency on the world capitalist market qualitatively different from that which was experienced, as it still is, by the U.S.S.R.

It suffices to get a clear idea of this difference to compare the total volume of foreign trade of the U.S.S.R., which comprised some 6 to 7 per cent of the national income up to 1932 and fell below 3 per cent in the beginning of 1935, to the foreign trade of Czechoslovakia or of Poland, which comprises between 35 and 45 per cent of the national income! (74.3 billion Kcs in Czechoslovakia in 1948 out of a national income estimated at 200-210 billion Kcs.)

The theoretical significance of this percentage is obvious. In accordance with the law of the equal distribution of the average rate of profit, the capitalist world participates in the division of surplus value produced by a worker in the satellite countries and thus finds a kind of bond with the capitalist elements within these countries. In their lucid moments, this is understood as much by the Stalinists (see Rakosi's speech reported in the *N. Y. Herald Tribune*, Nov. 30, 1948) as by the bourgeoisie as is proved by the following comment in the *Journal de Geneve*, May 29, 1947, referring to Hungary:

"The deficit resulting from the difference between the prices of the internal market (and those of imported products) is paid by the Hungarian government; profits resulting from such transactions, on the contrary, redound to private enterprises and are rarely or never touched by the government."

An extremely important series of consequences as to the character of planning itself flows from the inadequacy of the material base of the satellite countries, each enclosed within its national limits in the building of a planned economy:

(a) In an immediate sense (and not indirectly, as in the case of the U.S.S.R.) each of them depends for its supply of raw materials on the world capitalist market. Every disturbance, so far as quantity, quality or the price of essential products is concerned, immediately upsets the plan. The Hungarian textile industry, for example, during the summer of 1948, suffered both from difficulties of supply and difficulties of price, cotton imports dropping from 2,400 tons in April to 1,696 in May, to 1,334 in June and to 1,011 in July, resulting in a 25 per cent cut in production in July, and a 50 per cent fall of cotton goods exports. (*Neue Zuercher Zeitung*, Sept. 17, 1948.)

(b) In an immediate sense (and not indirectly, as in the case of the U.S.S.R.) each of the buffer countries depends on foreign markets capable of absorbing exportable merchandise, the only method of obtaining necessary resources for the importation of necessary raw materials and machines. Once these markets disappear or contract, the "plan" as a whole is immediately called into question. An example is furnished by Czechoslovakia. Entire sectors of Czech industries have lost, or are in the process of losing their foreign markets, either because of the contraction of the world market or because of foreign competition. We cite only costume jewelry and glassware and especially textiles. The total production deficit of the latter since "the liberation" is estimated at 5 billion Kcs (and at 14 billion if the free UNRRA deliveries of raw materials up to 1948 are taken into account). The Chairman of the National Bank, Dr. Nebesar, has flatly declared that it would be necessary to seriously curtail production in this industry if it does not quickly regain its foreign markets (*Neue Zuercher Zeitung*, Sept. 21, 1948).

Fear of World Crisis

This factor is one of the decisive elements in getting a clear idea of the real nature of present planning in the satellite countries. In reality, this planning is *directly connected to the conjuncture of world capitalist economy*. It is sufficient to take the case of Poland, 50% of whose exports consist of coal (valued in 1948 at 250 million dollars) to understand how an eventual world overproduction leading to a depression will have a decisive influence over Polish economy which will suffer both by the loss of markets and by the fall of prices.

Willy-nilly the Stalinist theoreticians have had to take this evidence into account and have themselves indicated how vulnerable they are because of their position in foreign trade. They are constantly haunted by fear of a world economic crisis.

"One of the most important tasks of the five-year plan is precisely one which is concerned with spurring an increase of foreign trade with planned economy states. In this way, the repercussion of world economic fluctuations on Czechoslovak economy will be considerably diminished." So writes Radovan Simacek in *Parallel 50*, December 31, 1948.

But at the same time, unable to jump over hard material necessities, the "planners" are obliged to admit that with the termination of the industrialization plans (in 1952 or 1953) trade relations with western countries will still be set at approximately 50% of the total volume of the foreign trade of the three most advanced of the satellite

countries, Poland, Czechoslovakia and Hungary. Anton Gregor, Czech Foreign Trade Minister, in a statement to a Reuters correspondent, September 8, 1948, predicted that 55% of total trade will be with the western world at the end of the five-year plan period.

Hilary Minc estimates that half of foreign trade will remain oriented to the western world at the close of the six-year plan (*Polish Information Bulletin*, December 20, 1948). And the aim of the Hungarian three-year plan is likewise based on an orientation of 50% of foreign trade with the U.S.S.R. and the "Peoples Democracies." (*The Economic Situation of Hungary*, January 5, 1949.) That they are still not in a position to attain these aims, at least in Poland and Czechoslovakia (48% of Hungary's imports in 1948 came from the U.S.S.R. and from buffer countries and 51% of its exports went there), is proved by the foreign trade figures of these countries in 1948:

	Imports from the USSR & Buffer Zone (in percentage)	Exports to the USSR & Buffer Zone (in percentage)
Poland	37.82	37.82
Czechoslovakia	35	38

Another very serious consequence which flows from this position of dependence on the world capitalist market is the fact that these countries have been obliged to recognize old debts and to pay large indemnities to foreign capital which has been nationalized, thus imposing a supplementary charge upon the economy which is already strained to the utmost. To cite a few of these:

—The Franco-Polish agreement indemnifying French capital, March 1948.

—The Swiss-Czech agreement indemnifying Swiss capital, June 1948.

—The Anglo-Hungarian agreement of April 1948 on the payment of pre-war Hungarian debts.

—The Franco-Czech agreement indemnifying French capital, July 1948.

—The Anglo-Yugoslav agreement indemnifying British capital, November 1948.

—The Swiss-Hungarian agreement for the payment of pre-war Hungarian debts, October 1948.

—The Swiss-Bulgar agreement for payment of pre-war Bulgarian debts, December 1948.

Trade Relations Between the Satellite Countries

However the dependence of all of the satellite countries on world capitalism would not be so heavy if the economy of these countries were effectively managed and planned as a whole. But this has not been the case in the past and is still not so today. Instead of coordinating their respective efforts of reconstruction and industrialization, the Eastern European countries have undertaken plans which not only are not complementary but often conflict with one another. Under pressure of the world market the only safety-valve is an increase of trade among the buffer countries and between them and the U.S.S.R. But up to now this trade, whatever its relative scope, does not in the least mitigate its disturbing effects on the plan. The character of present trading between the "Peoples Democracies" and

between them and the U.S.S.R. is described as follows by Tito:

"As long as the capitalist form of trade . . . continues among socialist countries, each country seeking to sell as dearly as possible and to buy as cheaply as possible, no one has the right to demand that we restrain our efforts in exploiting our own resources to the maximum." (*N. Y. Herald Tribune*, December 27, 1948.)

This situation leads to a number of contradictions:

(a) Each plan of investment and industrialization envisages a parallel development, at great cost in each country, of the same type of industries while from a rational point of view a geographic concentration is indicated. Thus, Hungary and Yugoslavia are engaged at great expense in the development of a steel industry which has its natural base in Poland and Czechoslovakia.

(b) Each country seeks to derive the maximum profit from its particular economic or geographic resources at the expense of a neighboring "Peoples Democracy." Thus *The Economist* for July 3, 1948 reports that Czechoslovakia, because of a shortage in dollars and foreign exchange, found itself forced to route a large part of its exports and imports with western countries through Polish ports. It graciously received berths in the port of Stettin from its "sister republic" but was confronted at the same time with port duties several times higher than those of the ports of western Germany or the Benelux countries.

(c) Each country seeks to secure its own balance of trade, pushing exports to the utmost for this purpose, without considering whether the products exported to the west are indispensable for the industrialization of neighboring "Peoples Democracies" and whether or not the latter are blocked by the west in the acquisition of such products. Thus, V. Clementis, Czech Minister of Foreign Affairs, stated before a UN commission in Paris on November 5, 1948 that during 1948, 89.9% of all its coal exports, 74.5% of all steel and iron exports, 50.2% of building material and 37.5% of all exports of machine tools were directed to Marshall Plan countries (*N. Y. Herald Tribune*, November 6, 1948). Who can doubt that the neighboring countries had great need for these products, especially those who are practically barred from the exports of a number of western countries?

In Search of Capitalist Credits

It is clear that each of the satellite countries has been in practice left to its own devices in finding the necessary funds to finance its efforts at industrialization. That is why in the absence of mutual aid and after a brief initial period, during which economic recovery had not as yet been attained, the satellite countries have again appealed to western countries and to international capitalist institutions like the International Bank for Reconstruction and others to obtain credits needed for the financing of their various "plans." Recently the World Bank granted small credits to Yugoslavia and to Finland to purchase the necessary equipment for mechanical saw mills, and similar negotiations are now in process with Czechoslovakia.

It should also be noted that Poland and Czechoslovakia were able to undertake considerable investments during 1947, which were not financed by a new recourse to inflation

because the enormous banking credits (57 billion zloty in Poland in 1947) were largely covered by unusual foreign resources: sale of UNRRA goods, German property seized in the so-called recovered territories, German land seized in Czechoslovakia, etc. These resources now being practically exhausted, the satellite countries are desperately engaged in the search for indispensable credits for new investments.

The problem of *deliveries of materials* as well as *payment for investment funds* seems to be the veritable Achilles heel of the vast new plans of industrialization elaborated in 1948 (Czech and Bulgarian five-year plan, Polish six-year plan).

The Blockade and Its Loopholes

World imperialism has not taken a common position toward this problem which can be decisive for the future course of the satellite countries. Deeply occupied in its rearmament policy, American imperialism has begun to erect a veritable blockade of the buffer countries and the U.S.S.R. which covers the supply of machine-tools, aluminum alloys, rare metals, etc. The existence of two lists of products for which export licenses to the satellite countries are either prohibited or granted after long delays and red tape was recently denounced publicly among other matters in a speech of Vladimir Garaschenko, head of the Soviet Delegation to the UN World Trade Conference at Geneva (*N. Y. Herald Tribune*, Feb. 15, 1949).

Similarly, through the mechanism of the Marshall Plan, pressure is being brought to bear on Sweden which has close ties with the economic life of the satellite countries, especially Poland. British imperialism, however, for its part has followed a contrary policy seeking to assure itself of markets by accepting orders even for jet-planes. Under these conditions, the so-called "discriminatory" American policy has merely led to the replacement of the U. S. by Britain as the principal supplier of investment needs of the satellite countries.

How decisive a role western German industry, now being reconstructed, can play in this sphere depends to a large degree on the policy of the occupation powers and on the "timing" of the third phase of the Marshall Plan, which by the admission of American imperialism itself will be dedicated to the political and economic reconquest of the satellite countries.

Confronted with this situation, the Stalinist leaders of the U.S.S.R. and the satellite countries have decided upon two kinds of temporary and interim solutions to overcome the most immediate difficulties in the realization of their investment plans:

(a) To find indirect roads and byways to participate themselves in American credits. Often this involves taking advantage of thinly concealed complicity on the part of certain U. S. government departments. For example, at the end of January 1949, a trade agreement between Austria and Hungary provided for the delivery of 20,000 tons of rye and 3,000 tons of oil at prices slightly lower than those on the American market, in return for which Austria placed a part of its own credits in dollars at the disposal of Hungary for the purchase of cotton in the U. S. A. Similar agreements have been proposed to Austria by Rumania

and Poland. This incident is also a typical example of the pressure the capitalist market succeeds in bringing to bear on the prices of satellite country products.

To increase their weight in negotiations with the "western" countries, Eastern Europe seems to have set up a virtual "pool" of their exportable supply of cereals (statement by Harold Wilson, British Minister of Foreign Trade, *Neue Zuercher Zeitung*, Feb. 9, 1949). Thanks to this measure, the U.S.S.R. was able to offer 100 million quintals of wheat—or one-fifth of the exportable supply in the world—at the recent world wheat conference. However the efficacy of such measures depend on the world economic conjuncture; an extended collapse of the price of wheat would strike heavily at the export possibilities and therefore also at the industrialization of the buffer countries.

(b) They have taken some preliminary measures of economic coordination and have obtained some credit from the U.S.S.R. This new orientation was most strikingly illustrated by the constitution early this year of the Council for Mutual Economic Aid. A typical agreement of this kind was the one between the U.S.S.R. and Czechoslovakia providing for the delivery on credit of a quantity of raw cotton by the U.S.S.R., in exchange for which Czechoslovakia would deliver a part of its textile manufactures to the U.S.S.R. and keep the rest for its own internal consumption or for export to the "western" countries. Similarly, the U.S.S.R. accorded Poland and Czechoslovakia credit in gold and exchange (of course at a 3½% rate of interest, 1% more than the rate charged by the Import-Export Bank for short term credits to the U. S.—an example of the sharp trading which confirms the statement of Tito quoted above).

Significance of Economic Coordination

These measures of economic coordination, somewhat more general in character, were prepared by three attempts during 1947 and 1948 to initiate a complementary development in certain economic sectors through bilateral agreements. Such attempts were made in the Bulgar-Yugoslav, the Hungaro-Yugoslav and Polish-Czechoslovak agreements. The first of these, coming within the scope of the Tito-Dmitroff project for a Balkan Federation, was abandoned on Moscow orders and never given a serious try. The second attempt has had more substantial results. Genuine coordination had been established in the aluminum sector whereby Hungary was to supply the tools and metal parts required to equip complete factories valued at 120 million dollars in exchange for 10,000 tons of aluminum per year produced with cheap Yugoslav electric power.

Moscow's split with Tito and the blockade of Yugoslavia has seriously unsettled the Hungarian economy which was centered around collaboration with Yugoslavia; the formation of the Council for Mutual Economic Aid is also intended to compensate for the losses resulting from this split. Finally there is the Polish-Czechoslovak agreement primarily concerned with the synchronization of metallurgical development, standardization of products, etc. Recently a new agreement between these countries provides for the joint construction of a coal-burning electrical plant at Auschwitz. The Russians and Czechs are to cooperate in building a giant steel plant producing 1½ million tons

annually at Gleiwitz in former German Silesia.

All of these measures taken together do not however remove the nationally limited character of planning and do not consolidate the sum total of resources available in a single "pool," the indispensable base for common planning. So long as the national boundaries continue to exist, all empirical measures adopted in response to the symptoms of current crises can only have a limited meaning and will not eliminate the fundamental causes of the difficulties.

The Russian Mortgage on the Satellite Countries

Even if their significance is limited, the measures recently taken by the Soviet bureaucracy to aid, albeit at a high price, the satellite countries in overcoming their difficulties are nevertheless the first tacit admission by Stalin that the orientation of the USSR up to this point in its economic relations with the satellite countries threatened to provoke a real catastrophe.

This orientation can be summarized simply in this way: the utmost exploitation of all the resources of Eastern Europe with the single aim of hastening the economic reconstruction of the USSR regardless of the needs of the countries involved. This was a truly typical expression of the narrow petty-bourgeois nationalism of the Soviet bureaucracy, because it should have been obvious that the political consolidation of the satellite countries was incompatible with the systematic economic plunder of the buffer zone. This pillage harmonized fully with the empirical Stalinist policy which each time finds itself obliged to "rake-in" a maximum of "profits" from its temporary successes without any regard for the fatal long-range consequences of such "rake-offs."

The following are the most important features of this policy of exploitation by the Soviet bureaucracy which at the same time constitutes one of the fundamental obstacles to planning in the satellite countries:

a) The payment by Rumania, Bulgaria and Hungary of heavy reparations as well as high occupation costs fixed by the armistice treaties. By applying the so-called reparations orientation of levying a charge against current production, the USSR has in fact levied for many years a tribute on the production of these countries. Reparations on Hungary for instance were set in 1946-47 at 40.3% of its total budgetary expenses, at 28.4% in 1947-48 and at 14.5% in 1948 (first half). This tribute limits to the extreme the possibility of accumulating an investment fund and is the main reason why the Hungarian Three-Year Plan is in fact limited to reconstruction and the perpetuation of a predominantly agricultural structure in the country.

b) The seizure in Rumania, Bulgaria and Hungary of formerly German industrial, banking and commercial property which constitutes an important part of the key economic sectors in each of these countries. This Russian hold on a portion of the national wealth of these countries is usually implemented by a series of Mixed Companies, often administered directly by bodies under the jurisdiction of the Moscow Planning Commission, and therefore excluded from the "planned" economy of the given country.

c) The inclusion of preferential tariffs in trade treaties,

sometimes by the fixing of inflated rates of exchange for the ruble and sometimes by the imposition of prices out of line with those on the world market. One such example was recently cited by Felix Belair in the *N. Y. Herald Tribune*: the Polish-Soviet agreement of 1948 provided for the granting to Poland by the USSR of a vast credit in goods, in exchange for which Poland agreed to deliver to the USSR 6 million tons of coal at \$1.20 per ton instead of at the world price which ranges from \$.14 to \$.20. Another example of this kind is the famous "aid" given Czechoslovakia by Moscow in the form of the delivery of raw materials. Shoes manufactured with leather which the USSR had supplied to the former Bata plants were sold to Russia at a price fixed at 170 Kcs a pair although the actual cost price per pair was 300 Kcs.

These measures taken as a whole are not only a supplementary charge on countries already deeply shaken by the war. They are also a major unsettling factor because they preclude any serious planning and because key elements of the national economy are withdrawn from the purview of the planners. If Stalin has agreed to relax his pressure on these countries slightly it is because the economic situation of the USSR is considerably improved over its reconversion crisis, and because experience has demonstrated to the Stalinist bureaucracy that a continuation of its former course would paralyze all economic and political consolidation and play directly into the hands of American imperialism.

A Case of Bureaucratic "Good-Will"

This change of course by the Soviet bureaucracy has been manifest for a half year in such actions as the reduction of reparations from Rumania, Hungary and Bulgaria; by measures for the extension of credits referred to previously; and by returning to the Bulgarian government German property seized in Bulgaria. However, although these three measures unquestionably indicate a new orientation to the satellite countries, they were not unselfishly made by the bureaucracy. We have already illustrated this as far as credits granted by the USSR are concerned. The return to Bulgaria of German property seized in that country was settled on terms which provided that Bulgaria deliver certain quantities of products for many years to the USSR. The lowering of reparation charges constitutes only a relative relaxation of cynical Soviet speculation.

In fact, the reparations agreement fixed total payments to the USSR by the three above-mentioned countries at 200 million dollars, payable in goods. But the prices of these goods were not based on prevailing world market prices but on those of 1938 plus 18%, whereas the price of most of the goods had risen by more than 100% since 1938. In July 1948, Hungary still owed 131.4 million dollars after its reparations had been cut by half. But if one takes into consideration the rise in prices which occurred on the world market, instead of having delivered goods valued at 68.6 million dollars as they were billed, Hungary had in reality already delivered goods amounting to some 110-120 million dollars. There remained therefore a balance of some 80 millions for it to pay.

The "generous" new agreement imposed by the

USSR calls for 65.7 million dollars worth of goods calculated on the basis of 1938 prices, that is in reality on goods worth 90-100 million dollars. The total reparations paid is far above the 200 millions initially fixed.

At the same time, the Russian mortgage constitutes a disorganizing factor on attempts at planning as is shown in the consequences of this reduction of reparations in Hungary. Miklos Nyarady, Finance Minister, explains in an article in the July 1948 issue of *The Hungarian-Soviet Economic Review* how the Hungarian government attempted to make reparation payments, especially in the products of heavy industry. The reasons he gives are particularly significant in revealing the social character of these countries and the qualitative difference between their economies and that of the USSR:

The desire of the government to cover reparation payments through the steel and machine industries has also been motivated by the fact that capacity operation of these industries is thereby assured. In fact these industries had begun the fulfillment of orders received within the framework of reparations. If these orders had been cancelled because of the reduction of reparation charges, these industries would have been confronted with a very embarrassing situation. The disposal of goods already manufactured would have caused serious problems and mass production would have had to be abandoned in favor of the manufacture of other articles more suitable to market demand . . .

This closing phrase, written after the second wave of nationalization in Hungary, speaks volumes about the present stage of the economy of that country.

The Condition of the Workers

The freeing of the creative energies of the proletariat is a decisive element in planning. Despite the crushing of the Trotskyist Left Opposition and the strangling of the Soviets, the opening of the period of industrialization in the USSR at the time of the first Five-Year Plan engendered a wildfire of enthusiasm among millions of workers. Even the most outspoken opponents of the Soviet Regime have not been able to deny this (see *I Chose Freedom* by Kravchenko). To the extent that this enthusiasm gave way to passivity, and later to silent hostility, to that extent the bureaucracy turned more and more to methods of coercion and forced labor. It is one of the most tragic ironies of history that socialism—which can only be built on the basis of the free development of the initiative and inventive spirit of the proletariat—has been deformed by the bureaucracy into the very suppression of the slender freedoms of labor and movement which the capitalist system had granted its workers.

Workers' democracy (participation by the workers in the management of industry and their effective control over economic life at all levels) and the gradual subordination of planning to the needs of consumption (workers' participation in the elaboration, adoption, application and reviewing of plans) are the indispensable conditions for the flowering of the creative capacities of the proletariat. If these are lacking, the masses resent the plan as a burden upon them and they become the object instead of the subject of the economy. The Stalinist bureaucracy reacts to this silent opposition, which it considers a sign of "backwardness," by reflexes of a purely police character (forced

labor, prison terms, and police and spy networks, etc.). The entire tragic evolution of the USSR is contained in the dialectic of this process. The Stalinist leaders are now preparing to follow a similar road in the satellite states.

The Toll of War and Famine

The first postwar years were years of terrible suffering for the masses of the satellite states. The enormous scope of destruction caused by the war, the German occupation, the so-called "liberation" struggles and then the Russian occupation resulted in such a disintegration of the economy that the countryside no longer shipped foodstuffs into the city and no longer received manufactured products in return. Without the heroic activity of the proletariat and without considerable UNRRA aid, vast Balkan areas would literally have been depopulated. On top of these scourges there came the runaway inflation which we described in the *May Fourth International*, and then the catastrophic loss of two crops which created vast famine zones unknown in Europe since the terrible 1921 famine in Russia.

"A survey of the health of the people in several European countries affected by the war," published on November 19, 1948 by "*La Documentation Francaise*" and consisting of reports of the International Committee of the Red Cross, relates the indescribable tragedy which crashed upon Rumania, the country most affected by the drought:

It is difficult to convey the misery of the Rumanian population in 1947: famine prevailed in whole sections of the country, in some regions people were eating grass and the bark of trees and even clay. It is estimated that 6,000,000 persons were dependent on the government in 1947-48. Here are some of the consequences of the famine and misery which prevailed in this country: 1. The complete disappearance of little children in some districts . . . Infant mortality actually reached a rate of 80% . . . 2. An increase of all kinds of diseases and a steep rise of the mortality rate; corpses were thrown into sewers adjacent to the houses. 3. Universal poverty conducive to the spread of venereal diseases . . . one out of twelve persons is syphilitic according to recent reports furnished by the Minister of Health . . .

To be sure the Stalinist leaders cannot be held responsible for this natural catastrophe which was prepared by decades of social poverty resulting from the reign of the Rumanian nobility. But it must not be forgotten that in the USSR, thanks to the proletarian revolution, the hardest years were endured under a regime of war communism which guaranteed an equal division of scarce goods available. With the exception of Yugoslavia, it was quite different in the satellite countries. It was precisely during the years of famine that the bourgeoisie retained a large part of its economic positions and every opportunity for speculation.

The result of this orientation of the Stalinists, who wanted to avoid the proletarian revolution and to go through a stage of "constructive" collaboration with the bourgeoisie, was—contrary to what happened in Russia—to place the whole frightful burden of misery on the masses of poor in the city and country. A Stalinist specialist recognizes *ex post facto* in the magazine *Problemi Economici*, Bucharest, May 1948, that in these years all government credits distributed to areas affected by the famine had

fallen into the hands of industrialists and merchants who used them in order to transfer their capital out of the country.

Toward the end of 1947 a change took place in the condition of the working masses of the satellite states (in Rumania this occurred only in mid-1948). Since these countries were predominantly agricultural, it sufficed to reestablish a normal agricultural situation in order to overcome at least the worst aspects of the famine. Moreover it should be noted that some countries, especially Poland and Czechoslovakia, were in a favored position with a lower density of population in relation to the pre-war period due to the expulsion of the Germans. Also there was a gradual rise in the standard of living of the workers which in 1946 was generally around 50% of the pre-war level—with the exception of Czechoslovakia where it was higher. This living standard also corresponded roughly to the starting point taken for the stabilization of wages during the various currency reform periods. Once the famine situation had passed, a series of new needs naturally arose among the workers which often conflicted with the economic preoccupations of the Stalinist leaders.

Employment, Prices, Housing

Let us rapidly review the most important factors determining the material conditions of the workers:

a) *Employment*: Since agrarian reform had not done away with rural overpopulation, which can only be absorbed by intensive industrialization, a serious *unemployment* situation arose in Poland, Hungary and Rumania. During the initial period of runaway inflation, unemployment was hidden by the extremely low level of real wages which permitted mass hiring of all seeking work in the factories. But when the economy returned to normal, and the concern for productivity became foremost, mass layoffs took place. At the same time these layoffs were used as a political weapon to get rid of oppositionist elements. Official statistics reported more than 130,000 unemployed in Hungary in late spring 1947. At the end of September 1948, the same sources still indicated 80,000 unemployed in Hungary and in Poland (*Revue Internationale du Travail*). Since then unemployment seems to have disappeared in Poland. As for Rumania, V. Toma estimates the number of unemployed at at least 100,000 at the beginning of 1949 (*Le Peuple*, March 1, 1949).

b) *High Cost of Living*: Since currency stabilization, prices have been climbing slowly but surely, reflecting the normal play of the law of supply and demand. The Stalinist leaders have had to permit periodic increases in nominal wages which however lag considerably behind rising prices. Here is an example of how this is recognized in Poland by Minc, writing in *Glos Ludu*, May 18, 1947:

"Everything that takes so much effort to produce, everything that is achieved in the sphere of production often turns against us in the sphere of trade and distribution. Despite all the efforts made . . . we have to recognize the lowering of the standard of living of the working class (owing to rising prices)."

This situation changed in Poland and Hungary only in 1948 following an excellent harvest which would have caused a general collapse of agricultural prices if the

government had not intervened by introducing a "fixed price" for wheat.

c) *Housing Crisis*: It is especially in Yugoslavia and Poland where the most extensive attempts at industrialization have been undertaken that the housing crisis, although general in the satellite countries, has hit the workers the hardest. Many workers have often been sent to places where there was no provision whatever for housing and where they have been obliged to find makeshift solutions. In a recent speech Tito cited several of the worst examples.

d) *Working Conditions*: The weakest side of all Stalinist "planning" is always the struggle for output whose success is indissolubly connected with the extension of workers' democracy. This, as we have already indicated, is the opposite road to that taken by the Stalinists. *The Economic Situation of Hungary*, January 5, 1949, observes that:

"During the currency reform our plan called for an output equivalent to 75% of pre-war levels with wages amounting to 50% of pre-war. But in 1947, output has only attained 65% while wages have gone beyond 75% of the 1938 level. . . ."

"The Workers Are Lazy . . ."

The Stalinist leaders took the customary road and *" . . . the government therefore instituted piece work . . . bonuses, etc."* When this system did not bring the desired results, Rakosi began mouthing the cynical invectives of a Stalinist bureaucrat: the workers are "lazy" (*N. Y. Herald Tribune*, November 30, 1948, reporting a speech delivered on November 27th); the factory directors are "capitulating" to the lazy workers; the production quotas are too low; "we cannot eat up the future of the nation" etc. This vituperation was followed by a considerable increase in the basic norm.

On their part, the workers reacted by absenting themselves as much as possible from this exhausting speed-up. Official sources admit that in *Czechoslovakia* in the last nine months of 1948, an average of 233 hours of labor was lost per worker!

The Stalinist Prime Minister Zapotocki, confronted with this situation, openly threatened the workers with the introduction of forced labor in his speech at the closing session of the National Assembly in October 1948.

Istvan Kossa, Stalinist Minister of Industry in *Hungary*, in a speech at Debrecen on December 6, 1948 shouted that *"The workers have assumed a terrorist attitude to the directors of the nationalized industries"* and he also threatened them with forced labor.

Chivu Stoica, Stalinist Minister of Industry in *Rumania*, in a speech delivered on Dec. 25, 1948 to the workers of the Resita plant, the largest metallurgical establishment in the country, accused the metal workers of not having fulfilled the plan and of being "capitalist agents" (reported by V. Toma in *Le Peuple*, March 1, 1949). Sad to say, the revelations of the British delegate to the UN, Mayhew, concerning the development of forced labor camps in several of the satellite countries corresponds too much to the reality and to the new political methodology of Stalinism to be brushed aside. . . .

To summarize: the standard of living of the Czech

workers, the highest in the satellite countries, reached its low point at the end of 1948; the living standard of the Yugoslav and Bulgarian workers has slowly improved and has reached the pre-war level; the conditions of the Hungarian and Polish workers are almost at the pre-war level and both of these countries now have a prosperous peasantry and urban middle class which is entirely lacking in the other countries; the Rumanian standard is now the lowest.

Tito has been obliged to mobilize a popular following behind his regime. For this reason he has undertaken a series of tours speaking directly to the workers where he characterized exactly the general attitude of the Stalinist leaders to the masses in the satellite countries in the sphere of economic relationships and he was also quite precise in his criticism. It remains to be seen if Tito himself will draw the practical conclusions from his words:

"It is necessary to teach the masses, but it is also necessary to learn from the masses. If we consider their criticisms unjustified, we will learn nothing at all . . . Our communists are too absorbed with the question of what percent of the Five-Year plan we have fulfilled, how many factories we have built, how many kilometers of road and track we have laid. But we are not taking much interest in the men who are participating in these great efforts. We are not always interested in their daily life, how they live and what impression events make on them." Tito severely criticized the local or district Stalinist leaders "who joyously arrive seated in autos in the villages to give orders in a dictatorial manner to the people. We cannot command the people. The people are accustomed to having things explained. You must get out of your autos and look into every village home to see how the peasants live." (Speech to the Congress of the Croatian CP, reported in the N. Y. *Herald Tribune*, December 3, 1948.)

The bureaucrats' autos seem to have especially caught the imagination of the masses of the satellite countries. Toma reports that the Rumanian workers jeer at the Stalinist Minister Stoica, who uses three American limousines, saying that "he has forgotten how to walk."

The High Price of Bureaucracy

The people who "do not know how to get out of their autos" have determined the direction of planning not only in Yugoslavia but even more in the other satellite countries. Even in the USSR a considerable section of the new bureaucracy, which has climbed onto the backs of the proletariat, originated in the petty-bourgeois strata of former "specialists," intellectuals and technicians of the pre-revolutionary regime. In the satellite countries, where the old state apparatus was never destroyed by a revolution and where the Stalinists utilized all the bourgeois and petty-bourgeois elements who proved amenable, the specific weight of this element is even more decisive in the economic apparatus today.

To this should be added the fact that a genuine dictatorship of the proletariat existed in Russia during the period of decisive transition, in which the proletariat exercised a strict control over the "spetzes," and the Bolshevik party exercised collective control over the apparatus. Naturally neither factor exists in the satellite states and as a result the "directors of the economy" display the most contemp-

tuous and ignorant attitude to the conditions of the workers.

Bureaucratic wastefulness in planning in the satellite countries is tremendous. With the exception of Czechoslovakia and Poland a large stratum of bureaucrats has not yet been able to skim off the cream of the results of economic progress, at least not in the way it is being done in the USSR. But in their place are bourgeois and petty-bourgeois elements who continue to take a lion's share of the slowly increasing national income; and the incompetence of the economic directors as well as their fundamentally erroneous and conservative orientation cannot fail to still further limit the unquestionably great potentialities opened by nationalization of the industries and the banks.

For his part, Hilary Minc delivered an eloquent attack on bureaucratism in *Glos Ludu*, Sept. 25, 1948:

Many directors of our economy, among them many comrades, have become accustomed to living in a kind of artificial world, out of touch with real life. They are surrounded by sycophants and "spongers" who are always in agreement, flattering everyone, applauding at the least provocation, thus hiding the reality to those who occupy responsible positions. Many of the directors of our economy, among them our comrades of the PPR, have thus come to hold the opinion that everything that is reasonable and intelligent is enclosed within the walls of the administrative buildings. . . .

A Disease Requiring Surgery

The same Minc denounces this state of affairs as a mortal danger to planning and admirably demonstrates how it combines "the symbiosis of various links of our economic apparatus with the class enemy." But has not the apparatus itself been educated in this manner by the Beloved Leader himself? What can still be taken cognizance of in theory, can no longer be remedied in practice, because an appeal to the masses would sweep away the bureaucrats with their arrogance and their automobiles. . . .

Such is the picture of the satellite countries today. In the very midst of change, they more and more approximate the type of society existing in the USSR. But survivals of the past combined with the results of Stalinist policy in the last few years are still giving rise to qualitative differences between their economy and the Russian, differences which we have tried to sketch in their broad outline. Within this hybrid framework there is developing a planning, itself hybrid, which more and more clashes with the narrow limits of the national boundaries. The communist conviction and revolutionary enthusiasm of the proletariat which marked the first years of the USSR is lacking most of all in these countries. In place of this, the bureaucratic waste of the USSR is reproduced on a far higher scale because it develops under conditions of "the symbiosis of the economic apparatus with the class enemy." This formula of Hilary Minc, the most intelligent of the Stalinist leaders in the satellite countries, admirably sums up the present situation there. This formula defines the framework in which the proletarian struggle will inevitably be revived, a struggle that will scorn an alliance either with imperialism or with Stalinist dictatorship—and with the aid of the workers of the advanced countries will go forward to a genuine socialist economy and a proletarian democracy.

March 15, 1949.

II. Tercentenary of the English Revolution: 1649-1949

Ancestors of the Proletariat

By G. F. ECKSTEIN

The contemporary interest in the Puritan revolution of the 17th Century is an outgrowth of the crisis of bourgeois democracy and dates from the 1929 depression. Two groups have concerned themselves with it—the liberal intellectuals who preoccupy themselves with the Levelers and the Stalinists who give their main attention to Winstanley and the Diggers. In this they have recently been joined by the Catholics.

The Stalinists made no contributions of their own to the understanding of the Levelers and ignore the work which has been done during the recent past. A gulf separates them from Marx who called the Levelers "a functioning communist party." It is the gulf between the revolutionary class struggle and a bureaucratic, authoritarian conception of society and politics.

It is true that the Levelers did not have a revolutionary program which proposed to confiscate bourgeois property. But after Charles I had been executed, they aimed directly at the overthrow of the military government of Cromwell in the name of the people. The great political act of the abolition of the monarchy, dramatized in the execution of the King, was in their eyes entirely subordinate to the positive reorganization of society. It must be understood that this is no inference or "interpretation." The protagonists of those days understood and expressed perfectly well what was involved.

In March 1649, three months after the execution of the king, Overton in *The Hunting of the Foxes* recalled how the officers had refused to continue to sit with the Agitators, the representatives of the regiments, in a Common Council:

This was a thing savoured too much of the peoples authority and power, and therefore inconsistent with the transaction of their lordly interest; the title of **free election** (the original of all just authorities) must give place to **prerogative patent** (the root of all exorbitant powers) that Council must change the derivation of its session, and being from Agreement and election of the soldiery to the patent of the Officers, and none to sit there but commission Officers, like so many patentee Lords in the High Court of Parliament, deriving their title from the will of their General as the other did theirs, from the will of the King; so that the difference was no other, but in the change of names: Here was (when at this perfection) as absolute a **Monarchy**, and as absolute a **Prerogative Court** over the Army, as Commoners, as ever there was over the Common-wealth and accordingly this Council was overswarmed with Colonels, Lieut-Colonels, Majors, Captains, etc. contrary to and beyond the tenour of the Engagement.

Suppression of the Levelers

The defiance was mortal. Without democracy, said the Levelers, Cromwell was as absolute a tyrant as Charles. Overton demanded that the army be ruled, i.e., that the country be temporarily governed by a joint council of officers and men representing the regiments, and he called upon the soldiers and people to fight for it. Cromwell, like the Presbyterian Parliament, tried to shift the rebellious

regiments to Ireland. They mutinied. He broke the mutiny and had Trooper Lockyer shot.

Lockyer's funeral in London became a great revolutionary demonstration. One hundred people went before the corpse, then came the corpse itself adorned with bundles of rose-mary, one-half stained with blood, and the sword of the deceased borne with it. Six trumpets sounded a soldier's knell. Then came the trooper's horse, clothed in mourning and led by a footman. Thousands of "the rank and file" followed, all wearing sea-green and black ribbons—sea-green was the color of the Levelers. The women brought up the rear. In Westminster at the churchyard, "some thousands more of the better sort" who had not wanted to march through the city joined the demonstration. The people of London and the surrounding counties had previously presented a Leveler petition which was said to have been signed by nearly a hundred thousand people.

Thousands of women, led by Lilburne's wife, had presented a special women's petition. The Parliament had told them to go home and wash their dishes. They replied that they had at home neither food nor dishes.

In the previous article we have referred to the final mutiny which was crushed at Burford on May 17. At the same time, there were thousands in Somersetshire in the West ready to revolt. Later thousands of miners in Derbyshire were organized to rise under the banner of the Levelers whose revolutionary organization calling for "Councils" everywhere was spread all over the country.

Thus the Levelers themselves both in theory and practice consciously wanted a popular, democratic government opposed to the dictatorship of Cromwell, revolutionary though it was. To the new rulers this could mean only one thing—communism. Let us hear Cromwell himself on what he very rightly called "the leveling principle." Immediately after the execution of the King, Cromwell warned the Council of State against the Levelers:

"I tell you . . . you have no other way to deal with these men but to break them in pieces. If you do not break them, they will break you." In 1654, five years after the defeat of the Levelers, Cromwell called his first Parliament. He opened the session with a review of the past and painted a picture of the country in 1649:

What was the face that was upon our affairs as to the Interest of the Nation? As to the Authority in the Nation; to the Magistracy; to the Ranks and Orders of men—whereby England hath been known for hundreds of years? A nobleman, a gentleman, a yeoman; 'the distinction of these' that is a good interest of the Nation, and a great one! The 'natural' Magistracy of the Nation, was it not almost trampled under foot, under despite and contempt, by men of Levelling principles?

I beseech you, for the orders of men and ranks of men, did not that Levelling principle tend to the reducing of all to an equality? Did it 'consciously' think to do so; or did it 'only unconsciously' practise towards that for property and interest? 'At all events' what was the pur-

port of it but to make the Tenant as liberal a fortune as the Landlord? Which, I think, if obtained, would not have lasted long. The men of that principle, after they had served their own turns, would then have cried up property and interest fast enough! This instance is instead of many. And that the thing did 'and might well' extend far, is manifest; because it was a pleasing voice to all Poor Men and truly not unwelcome to all Bad Men.

Cromwell warns the Parliament that in its proposals to pacify the country it should not forget this dangerous experience: "To my thinking, this is a consideration which, in your endeavours after settlement, you will be so well minded of, that I might have spared it here." Later in the speech he described the country in 1649 as "*rent and torn in spirit and in principle from one end to the other . . . family against family, husband against wife, parents against children; and nothing in the hearts and minds of men but 'Overturn, overturn, overturn!'*"

What Marx and Engels Thought

Let us now turn to Marx and Engels. A quarter of a century after Marx's characterization of the Levelers as the "first functioning communist party," he, along with Engels, became preoccupied with the contemporary Irish question. On October 24, 1869, Engels wrote to him: "*I have still to work through the Cromwellian period, but this much seems certain to me, that things would have taken another turn in England but for the necessity for military rule in Ireland and the creation of a new aristocracy there.*" On November 29, in the same year, Marx wrote to Kugelmann: "As a matter of fact, the English Republic under Cromwell met shipwreck in Ireland."

Finally on December 10, Marx, in a letter to Engels, showed the thoroughness with which he had applied himself to the question. In the course of a masterly page he reviews the long centuries of the Irish connection with England and draws his conclusions for the struggle which was raging at the time. He repeats: "*The English reaction in England had its roots (as in Cromwell's time) in the subjugation of Ireland.*"

If, then, Marx and Engels recognized that the demands of the Levelers were in advance of their time they did not by any means think that the continuation of the republic was impossible. Many republics have existed for long years without carrying out the extreme demands of the masses. The issue in 1649 was a military dictatorship or a popular constitution. The Levelers wanted a constitution based upon manhood suffrage. They wanted this draft constitution taken to the people by means of petitions spread throughout the breadth and length of the country, which the people could sign and thereby ratify their government as emanating from themselves. The struggle over the army was the struggle as to whether it would be used on behalf of the military dictatorship or on behalf of such a constitution.

The mutinies in the army revolved precisely around Cromwell's attempt to despatch the revolutionary elements to Ireland. It was by grants of Irish land that Cromwell corrupted some of his opponents. The bogey of a Catholic-dominated Ireland was an important part of his propaganda. Lilburne had been repeatedly right against Cromwell in their previous disputes. Now in August 1649, after

the Levelers had been defeated in May, Lilburne told him that if he continued with the military dictatorship, the restoration of the monarchy was inevitable: democracy alone could save the new liberties. It is obvious that you cannot dismiss the Levelers by saying that they were before their time. Marx and Engels and modern research both show how unhistorical is such an attitude.

The Place of "The Diggers"

Compare now the Diggers. In April 1649, perhaps 50, perhaps 100 men began to dig and to plant the common land at St. George's Hill in Surrey. There were similar groups in two other counties. So conscious were they of their weakness, that they applied to Fairfax, the titular commander-in-chief of Cromwell's army, for assistance against those who were hostile to them. After a brief period, the demonstration petered out. In striking contrast to the attitude against the Levelers, the government refused to take the Diggers seriously. The chief political importance of the Diggers at the time was that the government attempted to saddle the Levelers with the communist doctrines of the Diggers and the Levelers had to hastily repudiate them.

Theoretically the Diggers are worthy of attention, first because the movement marked a differentiation of the agricultural proletariat from the revolutionary forces. Secondly they were led by a man of undoubted genius, Gerrard Winstanley. He expounded a doctrine of holding all things in common, the abolition of private production and exchange, with the aim of social harmony and brotherly love. For that time, his work is astonishing. But to take Winstanley as characteristic of the revolution and to ignore the Levelers on his behalf is such a violation of historical facts, historical method and the living class struggle as can come only from an organic hostility to any independent revolutionary movement of the masses.

Yet this is precisely what the Stalinists do. In 1939 Holorenshaw published *The Levelers and the English Revolution* through the Left Book Club, a Stalinist organization. But despite its title, the book opens with substantial pages devoted to Winstanley and the Diggers and contains numerous references to the way in which Winstanley's ideas and proposals can be seen exemplified in the Soviet Union. In 1940, D. W. Petegorsky published *Left-Wing Democracy in the English Civil War*. Of its six chapters, four are devoted to Winstanley and the Diggers. This presumably represents left-wing democracy in the English Civil War.

Two years afterward an article by Petegorsky on the same subject was published in the American Stalinist journal, *Science and Society*. It should be noted that Petegorsky's book was written under the inspiration and constant guidance of Harold Laski who obviously would have no affinity with revolutionaries like the Levelers. But Laski at any rate does not pretend to be revolutionary.

The tercentenary issue of the *English Modern Quarterly*, April 1949, has an article on Winstanley and the English *Communist Review* of March 1949 and one devoted to "Harrington, Revolutionary Theorist." Harrington wrote an obscure Utopia called *Oceana* which imaginatively complements the work of Winstanley.

Hobbes, Locke and the Levelers

Such a distortion of revolutionary analysis goes deep and we can reasonably expect to see it in other spheres. As sure as day it turns up in the Stalinist treatment of the philosophical development in the Civil War. The philosopher of the English Revolution of 1640-49 is Hobbes. Hobbes' great contribution was to place political theory upon a secular basis, wiping out all justification of government by any right or theory except the necessities of society and the class struggle. But Hobbes was not a democrat; he was an advocate of the absolute power of the state. The man who adapted these secular theories to the needs of the British bourgeois democracy was John Locke.

The modern students of Puritanism (A.S.P. Woodhouse, *Puritanism and Liberty*, 1938; D. M. Wolfe, *Leveller Manifestoes*, 1944; William Haller, *Tracts on Liberty*, 1934; *The Rise of Puritanism*, 1938; William Haller and Godfrey Davies, *The Leveller Tracts*, 1944) all recognize that the foundations of modern democratic theory and practice are in the Levelers, although they have not written much directly on the contribution of the Levelers to the sequence of bourgeois philosophical thought.

Charles Beard, however, in his Preface to Wolfe's book writes: "*Even boys and girls in American high schools are now aware that Jefferson drew heavily on John Locke for many essentials deemed 'self-evident' in the immortal document of 1776. What is not generally known is that nearly all the fundamentals of government and liberty had been set forth or foreshadowed in the declarations of English Levelers long before John Locke published his celebrated treatises on government.*"

That is valuable. But it is only half the truth. Everything that is in Locke can be found in Lilburne, Overton, Walwyn and the pamphleteers whom the intellectuals have brought back to life. But the democratic ideas which Lilburne and his followers fought for not only in theory but in practice, e.g., the manner in which the new constitution was to be introduced, all this finds no place in Locke, far less in Hobbes. Locke and the Lockians have never been able to explain what was the origin of their famous social contract. But in 1647, attacking not the Monarchy but the Parliament, Overton was writing as follows:

Even so many the commonalty of England reply to their Parliament-members, that they are made for the people, not the people for them, and no otherwise may they deal with the people than for their safety and weal, for no more than the people are the King's no more are the people the Parliament's (they) having no such propriety in the people as the people have in their goods, to do with them as they list. As they will not grant it to be the prerogative of kings, neither may we yield it to be the privilege of Parliaments. For the safety of the people is the reason and end of all governments, and governors. *Salus populi est suprema lex*: the safety of the people is the supreme law of all commonwealths.

You can find in Leveller writings dozens of such passages. What have the Stalinists to say on all this? Not a word. But the *Communist Review* for April 1949 prints an article on Hobbes which proposes to tell us why "Marxists and many other progressives today hail Hobbes' *Leviathan* as one of the great glories of the English Revolution." We are told, it is true, that Hobbes "utterly failed

to discern the essentially progressive role of the revolutionary forces and had nothing like Harrington's insight into social realities." In other words, for the Stalinists, the theoretical opposition to Hobbes is to be found not in the Levelers but in the utopianism of an obscure scribbler like Harrington.

If the Stalinists are reactionary in their estimate of the political and philosophical contributions of the Levelers, they are no less so in the field of literature.

An Evaluation of Milton

Along with Cromwell and Hobbes, the third great bourgeois hero of the English Revolution is Milton. Woodhouse, Haller, Wolfe, all began their work in this particular field with studies of Milton. They see in him one of the very greatest writers of English literature, a revolutionary who supported and worked for the Puritan cause to the end, and a humanist who wrote some tracts, forever famous, on free speech, toleration, divorce, education, etc. But it is fair to say that what characterizes their work is the belated recognition that it was the Levelers and not Milton who represented the principles of humanism as they have been developed over the centuries.

What has sent these intellectuals from Milton to the Levelers? It is this. Milton was an intellectual aristocrat. He represents the intellectual counterpart of Cromwell, the soldier, politician and administrator, and of Hobbes, the philosopher. The diversity of these three men is linked together by a profound bond, much clearer today than it was a generation ago.

The struggle for power around 1649 brought forth three distinct elements characteristic of all modern revolutionary periods. The Presbyterians represented the right wing of the revolution ready to come to terms with the monarchy. The other revolutionary forces, however, were composed of two elements. The one, the Levelers, were the genuine democrats, "consistent republicans."

The other was the Fifth Monarchy men, the Saints. They helped to abolish the monarchy, but they were not in any sense democrats. Their theory was that there had been four corrupt monarchies in the past history of the world and the time had come for the Fifth Monarchy, which was to initiate the rule of Christ on earth.

They, the soldiers, bureaucrats and priests, were the Saints. They conceived themselves as the elect, the direct exponents of the doctrines of God which they interpreted and manipulated to suit their consuming desire to institute the rule of order and righteousness upon earth. The Saints were doctrinaires but Cromwell, empirical as he was, leaned strongly to their *type* of political thought and *men of this stamp were the foundation of his government*.

Hobbes, the philosopher, might ridicule all religion, but the cast of his thought was equally authoritarian and the truth is that Milton, in his conception of intellectuals as men of virtue and learning who were to lead the people to the higher life, belonged as did Hobbes and Cromwell to this type which conceived itself as the chosen. It is very easy to misunderstand them. When Don Wolfe calls Cromwell a spiritual fascist, he is talking nonsense. Cromwell rooted out a decaying system; fascism tries to prop it up.

That theoretician is lost who does not *begin* from the

fact that Hobbes as a political philosopher, Cromwell as a leader of the revolutionary bourgeoisie, and Milton as artist and revolutionary intellectual stand foremost among the makers of the new bourgeois society. But it is the approach of another new world which has driven questing intellectuals to recognize that not only in democracy and political philosophy but as humanists, in the sphere of culture, it was the Levelers, not Milton who had the root of the matter in them.

Stalinist Confusion on Milton

Do the Stalinists help in any way to bring this out? Not they. In their volume celebrating 1640 they publish three articles and one of them is an article on Milton by Rickword, a well-known British intellectual who says:

"Nothing could negate his (Milton's) testimony to his belief that men can construct a society for themselves in which a reasoned and conscientious discipline will liberate the active virtue in each individual."

It sounds innocent enough. Read on: *"How is it that such a society did not come about in Milton's day? If Milton could only think in terms of individuals, yet he nearly puts his finger on the spot. The men were wanting who could bring into being the ideas of organization latent in the advanced speculation of the time. Such a class of men was only to be created in a furnace of suffering, in which the justice and mercy of Milton's inspiration seemed to be consumed utterly."*

It is a confusing passage. Let us put the best interpretation on it possible. Let us assume that by the class of men who were missing he means the proletariat trained and disciplined in the stern school of capitalist production. That only makes the blunder more glaring. Milton's ideas were the exact opposite of a universal socialism. He was authoritarian. His ideas were *not* "the advanced speculation of the time." It is precisely this that the modern researchers and critics disprove. It was the Levelers who sought not only complete democracy but posed in militant fashion the social and intellectual well-being of the great masses of the people.

In the tercentenary issue of *Modern Quarterly* for 1949, there is yet another article on Milton: "John Milton and the Revolution." The article is on a very low political level but its reactionary content is high. Recognizing Milton's notorious leaning to the chosen few, the author claims that Milton went "most seriously wrong in overestimating their numbers and influence"; Milton counted wrong. That was all. The writer has the audacity to compare the "inner paradise" of Milton with Lilburne's final conversion to Quakerism. This is indeed monstrous.

Lilburne fought passionately for individual freedom. But, as Davies and Haller point out in their introduction to the tracts, "In the Levellers . . . Puritan individualism sought to save itself from anarchy by organizing not dissident communions of saints but an all-inclusive community of citizens. This was the larger meaning of Lilburne's career." Precisely. And just this was the social as opposed to the political revolution. Milton was blind to this and this defect in him must be *the starting point* not only of the political but of the strictly literary criticism of his prose and his poetry.

Here, perhaps, more than anywhere else, the Stalinists play their most obviously reactionary role in their misinterpretation of the revolution. For it is in the field of literature that the modern evaluation of the Levelers is most startling and constitutes a great enrichment of revolutionary doctrine. For here, too, the Levelers take the first place.

Today it is quite clear that the Milton of *Paradise Lost* and *Samson Agonistes* represented the *end* of an age. Satan and Samson are heroic, symbolical characters, like the jealous Othello, the ambitious Macbeth, the vacillating Hamlet. Elizabethan also is the prose of Milton's great tracts on divorce, freedom of speech, etc., magnificent but turgid, uncertain.

The new in literature was the straightforward, plain, simple prose style. And the men who created it were the Puritan preachers, not Dryden, Addison and Steele, as all the bourgeois school books say. The Puritan propagandists were the founders of the style which is the basis of modern English to this day.

Literature and Revolution

They did more. In their efforts to dramatize their theological doctrine, they introduced the autobiographical narrative, dialogue, and the dramatic scene, all of which were the direct ancestors of the modern novel. Haller recognizes that not only *Paradise Lost* but *Pilgrim's Progress* and *Robinson Crusoe* came directly from the left-wing Puritans. Bunyan was at one time a soldier in Cromwell's army, and Defoe, though he belonged to the next generation, was himself a dissenter and was taught by a man who was a famous exponent of Puritan doctrines.

The three books which represent bourgeois society before the rise of the working class movement are *Pilgrim's Progress*, the struggle of the poor; Defoe's *Robinson Crusoe*, the odyssey of the individual capitalist, and Swift's *Gulliver's Travels*, the revolt (without hope) against the immorality and corruption of bourgeois society.

Swift hated the dissenters but his prose writing, thought by many to have no superior in English, is the very highest pitch to which the plain style of the Puritans ever reached, while the savage indignation of his attack on bourgeois society is nothing else but Puritanism turned inside out; not only the book itself but his struggles on behalf of the Irish people testify to this. What the work of Haller above all has shown, however, is this: *that the very finest exponents of the new plain straightforward style were not the preachers but the Leveler pamphleteers.*

As a publicist, no one in English literature has ever approached the incomparable force and variety of Lilburne. In Thomas Walwyn can be found in germ everything that was to make Rousseau the great protagonist of modern individualism and the Romantic Movement in the eighteenth century, with the added virtue that here for the first time is someone who speaks from out of the people and as one of them; while Overton, the marvelous Overton, at his best has no superior in English as a writer of political journalism from the seventeenth century to the present day. His only peer is Tom Paine.

The abiding miracle of Overton is that this seventeenth-century writer is already completely modern and he could walk into a revolutionary newspaper office today, get the

situation explained to him, and could write in a manner that would be immediately understood with delight by soldiers suffering the oppression of officers and workers suffering the oppression of bureaucracy.

It may appear from the writings of Lilburne, for example, that his work is something of a jumble. In reality it is not so. Those pamphlets appeared sometimes two or three times a week. They served the function of modern newspapers, and in one and the same pamphlet you will find what is equivalent to a theoretical article, an editorial, a piece of agitation and the latest news of the class struggle. In this sense they are the founders of modern journalism. And Defoe in his contributions to journalism merely expressed in more finished form what they had begun.

Of this truly wonderful chapter in the history of the revolution, the Stalinists have nothing to say. They are busy finding excuses for Milton's shortcomings.

Why do the Stalinists show such consistent passion in building up the leaders of the bourgeois revolution and denigrating, obscuring, ignoring the role of the Levelers? They do this because (1) *they have to justify the counter-revolutionary, Thermidorian role played by the Russian Stalinist bureaucracy in its suppression of the masses after a revolution which these masses achieved*; (2) *their incessant quest in every country for Popular Fronts, i.e., subordinating the proletariat to some mythically progressive sections of the bourgeoisie, involves of necessity an inflation of the national heroes of the bourgeoisie, and the stern suppression of the independent revolutionary achievements and characteristics of the masses*. There is no misinterpretation but a conscious and consistent miseducation of the proletariat in order to buttress their own reactionary policies.

A Failure in Fundamentals

The petty-bourgeois intellectuals Woodhouse, Haller, Davies and Wolfe have done work of real scholarship and genuine feeling. But they do not understand the Levelers precisely because they do not understand the revolution. They continually use the word "democracy" but when Haller and Davies speak today about democracy and draw conclusions from what Lilburne said, they are doing the exact opposite of what Lilburne represented. They are seeking to preserve the decaying social order. The democracy of the forces represented by Lilburne in 1649 implied the destruction of the existing social order, root and branch.

The work of these scholars nevertheless, in the correct hands, is a weapon against the bourgeoisie. For many years now the bourgeois trend has been to pay homage to men like Cromwell and Robespierre, strong figures, who corrected "social evils" *but disciplined the masses*. This too is at the root of the Stalinist misinterpretation, despite all their verbal reservations. The Marxist rehabilitation of Lilburne against Cromwell is part of the revolutionary struggle against the contemporary bourgeoisie *and* against Stalinism.

But the genuine Marxist study of the Levelers will have to wait. The Leveler "program" did *not* flare up in 1649 and then disappear for two hundred years, as all parties seem to believe. The belated recognition of their contribu-

tions to the Puritan revolution, the political philosophy and the literature of England, are a sign of the times. But what to the Levelers did goes deeper. Between 1645 and 1649, they brought the masses of the people, men and women, into politics by means of what were practically daily papers, and through mass meetings, mass demonstrations, and a wide variety of independent organizations. And in so doing they tore all religious, feudal, monarchic disguises from bourgeois society.

The essence of bourgeois society, more than any other society, is the class struggle, the conflict between the mass and the upper classes which rests on the specific economic foundation of society but must be expressed in social and political relations. That conflict was established in England between 1645 and 1649 in an unmistakable fashion and it was done under the leadership of the Levelers. Like the literature of England, the politics of England was never the same afterward.

It is, of course, true that there is much more to be said about the Levelers. They were not proletarian; they were petty bourgeois, in essence leaders of an intermediate class. But at that time the petty bourgeoisie was closer to the proletarian and semi-proletarian elements than it has ever been since. So that despite weaknesses organic to their unstable class position, they did pose the whole social question, and they posed it in terms of political power and a political method of action never before seen. They were the most consistent republicans and therefore in their actions, in their function, they were our ancestors.

One final word must be said in what is no more than an introductory outline. The accumulation of material and modern research (and this is bound to grow) confirms the main lines of analysis which Marx and Engels laid down. They still remain unchallenged as guides to the period. But the modern accumulation of material and detail gives modern Marxists more than a hitherto unrealizable insight into the gigantic achievements and the debt, in so many spheres, owed by the modern world to the Levelers and the petty-bourgeois yeomen and artisans on whom they mainly rested. We can legitimately say that if this was what such classes could do at that time, we have another touchstone by which to gauge the vast creative powers, in production, in politics, in philosophy, in literature, which are contained in a class so fundamental, comprehensive, and all-embracing as the modern international proletariat.

(A previous article on "Cromwell and the Levellers" appeared in the May 1949 FOURTH INTERNATIONAL. Copies are still available.)

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