

The New
INTERNATIONAL

***"Co-Existence" as a Catch Phrase
In the Cold War***

By Max Shachtman

***Rearmament and the Crisis In
German Social Democracy***

By Abe Stein

***JOE McCARTHY:
From Star to Bit Player***

By Julius Falk

A. A. Berle's Capitalist Revolution

By T. N. Vance

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THE NEW INTERNATIONAL

A Marxist Review

Vol. XXI, No. 1

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SPRING 1955

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MAX SHACHTMAN, *Editor*

JULIUS FALK, *Managing Editor*

Beginning with the
Summer Issue

THE NEW INTERNATIONAL
will reprint

Moscow Under Lenin

by Alfred Rosmer

Support the New International

With this issue we commence quarterly publication of THE NEW INTERNATIONAL. We do not pretend that the move from a bi-monthly to a quarterly is an advance. We have taken this step reluctantly, but it has been forced on us by circumstances beyond our control.

Although the annual mass of material published will now be less, we expect that each issue of the quarterly will be better in many ways than each individual issue of the bi-monthly. First of all, the magazine should now appear on time—a factor which should aid newsstand sales as well as the sale by friends of the magazine of each issue as it appears. Secondly, the improved appearance of the colored covers, and their stiffer consistency should serve to make the magazine more attractive as well as more durable.

The price per copy has been raised, but it is well within the range of magazines of a similar size. The bundle rate of 35¢ a copy should make it possible for supporters of the magazine to increase its circulation without additional cost to themselves.

And that brings us to one of the biggest problems which faces the NI, and the one problem which is really in the hands of its readers. That is the need to increase the circulation of the magazine.

We don't think it necessary to argue for the importance of increasing our circulation. That is a first-rate *political* task for all independent socialists these days. It is one of the most fruitful ways to acquaint people with socialist ideas, and to win them to a socialist point of view. But it has been neglected sadly of late.

We know the obstacles which stand in the way of a really massive increase in our circulation. But we are convinced that it could easily be *doubled* in six months if our present readers make up their minds to do the job.

Don't sit back and let "George" do it. Why not decide, right now, to get two or three of your friends to subscribe to the magazine before the next issue? Your decision will, in the long run, be decisive in stabilizing the magazine and ensuring its expansion and improvement in the future

L. G. SMITH
Business Manager

THE NEW INTERNATIONAL

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Vol. XXI, No. 1

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Notes of the Month

Labor Unity: A Giant Step Forward

By the year's end it is virtually certain that the American Federation of Labor and the Congress of Industrial Organizations will have united. Top committees of both have endorsed a merger agreement. All that remains to consummate the unity is a joint convention scheduled for the fall. The Railway Brotherhoods, traditionally aloof and independent, are already talking of joining. For the first time, the prospect looms of a single trade union federation in the United States with the exception of the Stalinist-dominated unions and the possible exception, at least at the beginning, of the United Mine Workers Union.

The impulse toward unity arises not out of weakness but frustrated power. An organized labor movement, bigger and stronger than ever in its history, discovers that its strength is somehow vitiated and neutralized. Liberal Democrats, to whom it clings, endorses and whitewashes, are feeble and timid: since the early New Deal, only gargantuan promises and trivial deeds. Now, a Republican administration holds office; the Taft-Hartley Law stymies union advances, especially in the South, and offers employers a weapon, already successfully wielded in local instances, to wipe out unionism where it is weak. In the states, labor faces a widespread legislative campaign to abolish the union shop and limit the right to strike in

the name of the "right to work." The labor movement holds on to what it has achieved only through the sheer social weight of organized unionism and no further advance or even effectual self-defense, seems possible except through the most concentrated application of this power. George Meany and Walter Reuther, with the traditional labor leader's instinct for the camouflage of respectability, explain their unity as a patriotic measure devised to promote national unity against Communism. If the truth were told, they are driven to unite because America is divided into classes and the workingclass feels compelled to unite against its capitalist exploiters. In a country where "capitalism" is dubbed "free enterprise" the class struggle is paraded under the guise of "national unity" but this euphemism changes nothing.

Unity is an historic step forward for U. S. labor but this will become evident in all its force only with time. Unlike the original AFL-CIO split, which meant an immediate dramatic shift in policy and a sweeping rise in the class struggle, the unity will leave all formal policies unaltered and everything, for the moment, will continue as before. A united labor movement will undoubtedly continue to string along with the Democratic Party and will persist in its loyalty to American foreign policy, complaining as always over its sordid details and

pleading in vain for a somewhat more democratic spirit.

Unity is no reversion to the status quo ante; for the labor movement can never return to the days before the split. Merger becomes the starting point for a new advance. The CIO claims 5,000,000 members; the AFL, 10,000,000. But despite the numerical preponderance of the AFL, the fundamental character of the modern labor movement in the United States has been stamped by the CIO. The formation of the CIO was a gigantic leap forward of the American working-class; the new movement sought not only a new form of organization, industrial unionism, but a new role for the unions. It transformed the union movement, until then a narrow stratum dominated by the skilled crafts, into a labor movement, the organized workingclass. It was the triumph of an American class consciousness in embryo: union consciousness.

When the case-hardened officials of the AFL expelled the CIO, they pitted the most trivial interests of union bureaucracy against the pressing needs of the workingclass. The organization of the unorganized, essential if labor was to emerge as an effective class force, was nothing but an incalculable danger to the permanence of their plushy office chairs. But in the period of rapid rise, their opposition was swept aside in a great mass outpouring of workers.

The CIO not only expanded the geographical scope of union organization, it broadened its social role. Unionism came forth as a leader in the fight against racial discrimination and a cadre of skilled and able Negro worker leaders were trained in union struggles. Racketeering and corruption were successfully fended off. In most of the new unions, the spirit of rank and file democracy prevailed.

Labor came forward as an organized and potent political force.

Socialists of every brand and faction were in the very heart of the rising movement, occupying positions of leadership and influence. Hopes ran high that at last the isolation of American socialism would be overcome and it would grow to a mass force. At the very least, it seemed probable, even inevitable, that the labor movement under the impact of the CIO, would quickly move toward political independence and form its own party, raising the American workingclass out of its historical political backwardness.

But it was not to be. A cruel combination of international defeats for socialism in Spain and France; the rise of fascism and world Stalinism; a second world war and its aftermath of totalitarian Stalinist advance wiped out the socialist possibilities within the labor movement. It persisted in illusions over a warmed over, stale New Dealism. In the period of their friendship and sympathy for Stalinism, then in a pro-Roosevelt and pro-capitalist turn, labor militants were thwarted in their class development. And in the post-war period of Stalinist expansion when its anti-democratic, totalitarian features had become clear, the same strata of labor militants cast aside all sympathy for socialism in their justified revulsion against Stalinism. In the cold war with Russia, the unions remained tied to the old capitalist politicians.

By the hundreds, socialists in the labor movement ceased to be socialists, they emerged as the molders of a new American labor movement; anti-socialist but social-reformist; politically conscious but pro-Democratic.

In such a context of domestic and world politics, the CIO had exhausted its role as an independent movement;

it was stalemated in bourgeois politics. Reuther's elevation to the presidency of the CIO climaxed, symbolized, and concluded this whole period. The former socialist rose to the top post at the very moment when he had abandoned, for the time, the advocacy of a new party.

Meanwhile, the AFL could not remain rooted to the past. To stave off the CIO which threatened to supplant it, many of its craft unions were forced to adopt the practice, if not accept the principle, of industrial organization. As the labor movement grew from less than three to more than 15 million it discovered that its life was dominated by politics. In an era of war and war economy, the government confronted it everywhere. Wages became an affair of state. Increasingly, the AFL was forced to abandon its traditional non-partisanship and enter with the CIO into bourgeois politics as a left-wing. Its more responsible leaders gained a glimmering of the social role imposed upon unionism. The CIO formed its Political Action Committee; the AFL followed belatedly with its Labor's League for Political Education; and both endorsed Stevenson in 1952.

Beneath these progressive externals, lay the undissolved, hard core of the old AFL. Racketeering continued to flourish, undermining the moral standing of unionism at the very moment when it had decided to crusade among the whole people. The AFL, still dominated by the old crafts, did nothing. The watchword "autonomy" became the pretext for sheltering plain corruption. On a local level politics had degenerated into ward-heeling and narrow self-seeking labor officials simply integrated themselves into the corrupt machines of the old parties. Racial discrimination, open, official and legal continued in some

Internationals without interference from the Federation.

With the death of William Green, all the elements that sought to weaken the power of shortsighted craftism and cleanse the Federation of ordinary crookedness gathered around the new president, George Meany. It was this group, from the AFL side, which made the success of unity negotiations possible. The terms of the merger agreement are unquestionably a total triumph of everything that the CIO has symbolized:

(1) The two federations enter as equal partners in the new center.

(2) Industrial unionism is recognized as equal in status to craft unionism.

(3) The new constitution will make race discrimination illegal.

(4) The new constitution will outlaw racketeering and thus legalize federation action against corrupt affiliates.

(5) The CIO will retain its independent structure and treasury on a national and local scale as a separate department within the new federation. Former AFL unions will be free to join it.

THE AGREEMENT, a moral victory for the CIO, came not at the peak of CIO strength but at a time when it was cut down in numbers and undermined from within. The expulsion of Communist Party-dominated unions decreased its size. At the same time, David J. MacDonald, conservative president of the Steel Workers Union, allied with the AFL right-wing led by David Beck (Teamsters president), initiated a running campaign of provocation, nagging and threatening against Reuther to force him into a unity of complete capitulation. Far from taking advantage of Reuther's exposed position, Meany and his sup-

porters deliberately strengthened the hand of the CIO president. And not without reason. Through the unity, Meany was able to bring the weight of the CIO to bear; with the CIO, he could bring the AFL to accept terms that might otherwise prove unacceptable.

Thus, the achievement of unity is already a victory for those labor leaders, who, however inadequate from the standpoint of independent class politics, represent the modern labor movement; and it is a defeat for the hidebound conservatives left over from yesterday.

A new alignment takes place within the labor movement. MacDonald is allied with Beck. Beck is allied with the Carpenters, Hodcarriers, and Operating Engineers in an artistically accurate pooling of union conservatism and toleration of corruption. And on

the other hand, a working collaboration between the forces around Meany and Reuther is inevitable, an alliance with all kinds of weaknesses and shortcomings but incontestably superior to and more progressive than the other. Up to now, the ultra-conservative right-wing enjoyed enormous, often decisive, power within the AFL and weighted down the whole labor movement. But with unity its relative weight instantly decreases.

From every standpoint, unity is an achievement. Inside the labor movement it strengthens the most progressive sections. And simultaneously, it encourages the self-confidence of the workingclass, stimulating it to demand more from employers, government, and politicians. The stage is set for a forward march.

Ben HALL

Notes of the Month

From Star to Bit Player

The Reasons for McCarthy's Sinking Fortunes

Four years ago in Wheeling, West Virginia, a relatively obscure senator speaking at a political rally dramatically waved a sheaf of papers. It was the climactic moment of a speech inveighing against the alleged treachery of the Democratic Party, delivered in a voice and manner that have become so painfully familiar since then. Speaking "from deep down inside," to borrow one of the senator's favored expressions, he informed the nation through his audience that he held in his hand a list of 205 communists currently in the employ of the State Department. The tightly clutched papers were promptly

put back into the briefcase lest a gust of wind blow the "documents" among the newsmen and thereby prematurely bury McCarthy's ambitions.

McCarthy's extravagant accusation against Truman and Acheson made in Wheeling was a political gamble; a throw of the dice by an ambitious man of mediocre talents seeking notoriety and support through irresponsibility. There was no way of knowing in 1950 whether charges of treachery against the Democratic administration would lead to oblivion or popularity. The day following the Wheeling episode McCarthy himself must have been surprised to learn that he had rolled a

"natural." The ferocity and vehemence of his charges almost immediately brought both the wide acclamation and the animosity he sought. He had hit upon the technique which, *within the context of the times*, could lead him to a position of enormous influence in American politics and make him an internationally feared figure: decry "communism" in government, expose "communism" in the Democratic Party, spotlight "communists" in industry, wave fraudulent papers, follow through with sensational investigations, etc.; perform these activities with a perverse devotion to villification and a passionate disregard for truth that would single him out from all other witchhunters, and his future seemed assured.

Though McCarthy gambled in 1950, his success was not accidental. The element of risk had been sharply reduced by the political climate of the times. Had these charges been made against Roosevelt or Marshall during any of the former's four administrations their author would have been relegated to the category of public nuisance. McCarthy's allegations could be given credence only in a period of profound reaction. This reaction set in and developed in tempo paralleling the inevitable rift and conflict between American capitalism and Stalinism. The architects who laid its foundations were the same Democratic Party politicians in power who were now to become the target of McCarthy's sledge hammer blows. Before McCarthy's name was splashed all over the front pages, the social phenomenon now known as McCarthyism had already grown from seed to sapling and its poisonous roots were deeply and firmly imbedded in America's political soil. The atmosphere of fear and suspect-thy-neighbor, the firings, witchhunting and defamation, this

sickly political complexion of post-war capitalism virulent by 1950, permitted the success of McCarthy's gamble; it raised him not out of the sewer, but with it onto the center stage of American politics.

After Wheeling, McCarthy wedded the anti-Communist technique proclaiming, in effect, a monogamous monopoly over it. His life was circumscribed by his political bride. All of his energies and interests revolved around exposing "communism and corruption in government" more militantly than his nearest competitors. McCarthy as no one before him, succeeded in raising communist hunting to an exclusive political way of life. In three years the senator won the enthusiastic support of millions, he received powerful support from men in Washington who admired and feared him, his influence was decisive in senatorial races and he earned the profitable respect of Texas oil tycoons.

McCarthy bludgeoned his way to the peak of his career by the end of 1953. At that time, a poll taken by the American Institute of Public Opinion (Gallup) revealed that of many thousands who were polled from different geographic areas and economic categories, 50 per cent endorsed the senator's activities. It also indicated that his support was more or less equally distributed among all social classes.

IF MCCARTHY'S rise to his peak in 1953 was at a whirlwind rate, his loss of popular support and decline in official standing has been jet propelled. As of this moment, slightly more than a year since McCarthy attained his pinnacle of success, he is not thought of by the citizenry as either a public menace or a public hero. He is either not thought of at all, or as one of the

nation's most crashing political bores—which is in itself no mean achievement in current American politics.

The measure of McCarthy's lost prestige and power can best be taken by a brief review of pertinent 1954 election figures.

In McCarthy's home state, Wisconsin, Republican Governor Kohler squeezed through by a margin of 33,000 over his Democratic opponent, William Proxmire. In 1952, however, Kohler was elected to the governorship by a majority of 400,000 over the same opponent. In the earlier election the governor received 62 per cent of the vote while in the recent contest it dropped to 51 per cent. If the November contest had not been an off-year election, McCarthy's gubernatorial candidate might have been defeated. Again, in Wisconsin, the pro-McCarthy incumbent, Charles Kersten of Milwaukee, was defeated in the race for Congress by an openly anti-McCarthy Democrat, Henry Reuss.

In Michigan, one of McCarthy's pet Neanderthalites, Kit Clardy, was defeated for re-election to the House. In New Jersey, Clifford Case, "left-wing" Republican whose campaign for the Senate was publicly sabotaged by McCarthy, won an upset victory. In Colorado, Democrat Edwin Johnson, who was on the Watkins Committee and the object of McCarthy's special scorn, was elected governor. In Illinois, Senator Paul Douglas, whose anti-McCarthy reputation is as large as it is unearned, defeated his ultra-reactionary opponent, Joseph Meek, publicly embraced by McCarthy, by a large margin. In Montana, Senator Murray, who has been one of the more spirited Democratic opponents of McCarthy was re-elected. In Michigan the powerful right-wing Republican, Homer Ferguson, was beaten for re-election to the Senate.

The Senate motion to condemn McCarthy in line with the report of the Watkins Committee which passed by a vote of 67-22 is the only statistic one needs to gauge the senator's calamitous drop in official standing. What must be underlined here is that a successful motion to repudiate McCarthy was unthinkable before 1954.

The 22 votes against the censure motion cannot by any stretch of the imagination be interpreted as coming from senators who owe undying fealty to McCarthy. When Senator McCarthy saw fit to vent his spleen on Eisenhower in a public break with the administration following the President's praise of Senator Watkins, the most important of the 22 senators who voted against condemning McCarthy in the Senate were quick to dissociate themselves publicly from McCarthy's malevolence. Even Everett Dirksen made it politely clear that he would not follow McCarthy into the lion's den. McCarthy is no Daniel in Dirksen's well thumbed bible.

During the debate on the Watkins report, the McCarthyites saw fit for the first time to initiate an independent organization on a national scale, the Ten Million Americans Mobilizing for Justice. Unlike the extreme right wing "For America" group which operates as an "educational" and pressure group inside the Republican Party, the "Ten Million" attempted to form an organization outside the confines of the two major parties, not limited to propaganda, but busily engaged in such activities as petitioning and organizing mass meetings to combat the censure movement in Congress. Though it was not projected as a permanent organization, it was at the very least a feeler for a possible third party movement and intended as a threat to the Republican

Party leadership. Had this movement succeeded in arousing a significant amount of interest and support, McCarthy could either have used its success as a club inside the Republican Party to recover his declining fortunes, or as a vehicle for a third party jaunt, should he have felt compelled to break formally with the party.

But the "Ten Million" died aborning. It charged onto the national scene with a rafter of retired admirals, generals, professional bigots and politicians at the head of a brigade of old ladies, priests and true white patriots, and as though exhausted by the very effort of the attack, quietly collapsed and disintegrated before coming within sight of the enemy. It had arranged for mass meetings in three of America's largest cities. Two were called off and the third, held at New York's Madison Square Garden was a first class fiasco. The "Ten Million" predicted a capacity crowd of 20,000 with an overflow of many thousands listening outside the gates. The turnout was little more than half of what was expected and traffic outside the Garden was not impeded by swarms of enthusiastic McCarthyites.

The "Ten Million" was no more successful in its petitioning. As the name indicates, ten million signatures were to be collected protesting the move to censure McCarthy. Most of the energies of the organization were focused on this objective. Petitioners gathered outside of Catholic churches and priests cajoled inside; 10-year-old parochial school children were obliged to become signatories and circulators of the petitions. There were numerous reported instances of individuals intimidated into signing. Nevertheless, when all was added up, the "Ten Million" did not even claim much more than a fifth of its goal although the drive was extended ten days. If one

were to deduct fraudulent and coerced signatures, ten per cent might be a charitable figure.

On February 10th of this year, the "Ten Million" gave up the ghost without so much as a post mortem or a two-paragraph obituary in the leading New York papers. It left in its unlamented wake a few scattered, local groups the most recent of which is the Americans for American Action headed by former Democratic Governor of New Jersey, Charles Edison.

An interesting statistical show of McCarthy's decline was evidenced in another Gallup Poll released on November 6, 1954. This poll was on the pro and con of the move to censure McCarthy. Fifty-six per cent of those polled favored censure of McCarthy, 12 per cent were of no opinion and 32 per cent did not think that censure was proper. While there can be no question that the 56 per cent who favored censure were anti-McCarthy it is reasonable to assume that the 32 per cent in opposition to censure were not all motivated by loyalty to the senator. Compare these figures to the 50 per cent support of McCarthy shown by the Gallup Poll ten months earlier and we have a graphic picture of his decline.

The Rise of McCarthyism as a Factor in McCarthy's Decline

WE SEE IN THE RISE of McCarthyism one of the more important reasons for the decline of McCarthy. But before discussing this paradox, it is necessary to define our terms a little more clearly.

The definition of McCarthyism is not an arbitrary question, a matter of individual choice where one can say "this is what I mean by McCarthyism" and another can provide McCarthyism with a content at great

variance to it. In the very choice of the term "McCarthyism" there is recognition, consciously or not, of something new and specific which does not allow for much ambiguity or conflicting definitions. The term is a new label and new political labels which are permanently incorporated in our political vocabulary are resorted to only when we consciously acknowledge or at least sense a profound political change. The most accurate and politically useful definition of McCarthyism, then, is not one which merely notes surface manifestations of change, but which also answers the questions: how deep are these changes in American politics, how permanent are they, who and what is responsible for them?

McCarthyism is most commonly thought of by liberals and respectable conservatives as an assault on democratic rights by reactionaries and the use of particularly offensive witch-hunting techniques promoted by extreme right wing irresponsibles in either or both major parties. We reject this definition. If McCarthyism is something new, for which traditional terms are obsolescent or not sufficiently dramatic, then this definition fails to demonstrate it. This theory is weak in that it implicitly underestimates the extensiveness of the McCarthyist virus. McCarthyism becomes nothing more than the offensive of right-wing elements in Congress and in the two parties; throw these reactionaries out of office, crush the extreme right wing in both parties and the political devil will have been exorcised. McCarthyism in this view is little more than a road sign reading "Danger, Bad Men At Work." We wish that such were the case, for then we might find a ready detour.*

*There are other theories of McCarthyism which we can-

In our opinion, what is qualitatively different in American politics today that necessitates a new label is the gradual nibbling away at the foundations of bourgeois democracy; but this destructive process is not engineered solely or even primarily by one wing of capitalism against another determined to preserve the rights and institutions of bourgeois democracy. McCarthyism in our view is the label which refers simply to the class politics of American capitalism as a whole. McCarthyism, which is manifested by subversive lists, feverish investigations, loyalty oaths, the Smith Act, McCarran Act, Taft-Hartley, executive orders, is the political methodology of a bourgeoisie which is frightened and panicked—not without reason—in its struggle with Stalinism. Just to list these tangible symptoms of McCarthyism should be sufficient evidence that this threat to basic civil liberties is a class offensive—though not a united one.

It makes as little sense to evaluate McCarthyism in terms of right-wing politicians as to ascribe the Permanent War Economy to the ideology of Truman's economic advisers. Both the Permanent War Economy and McCarthyism in their early phases were introduced by the left wing of the Democratic Party; they have flourished under the liberal wing of the Republican Party and no wing of either party can consider fundamentally reversing this economic and political drift of American capitalism. The hope that some see in the Fair

not discuss in this article due to space limitations. Above all the theory that McCarthyism is the American form of fascism. This theory, however, has already been discussed in an earlier issue of *The New Internationalist*. A more recent and novel theory that is coming into favor attempts to relate McCarthyism to Populism. This view is drawn to hilarious lengths in a recent article by Peter Vlerek printed in the *Reporter*. Vlerek draws a parallel between McCarthy and Robespierre and McCarthyism becomes a form of Twentieth Century Jacobinism.

Deal wing of the Democratic Party as the agency which will save America from McCarthyism, is, itself, a reflection of the drastic shift to the right in the nation's political values. It has not mobilized masses of people against McCarthyism and it will not, because the Fair Deal is deeply committed to this political attitude.

The most reactionary law to date which in effect illegalizes the Communist Party—and which can be broadly interpreted to include any Marxist party—was introduced by Hubert Humphrey and rushed through by the Fair Deal Democrats. It is true that there are those Democrats who, moved by some dimmed sense of conscience, pretend to resist McCarthyism with all their feeble strength—but they voted for the Humphrey bill; there are those who owe their congressional seats to labor support and minority group backing and feel compelled to vocalize on the virtues of democracy—but they voted for the Humphrey bill; there are the politically sophisticated Democratic senators who, recognizing the damage done to American prestige abroad by McCarthyism, are emphatic in their opposition to excesses—but they voted for the Humphrey bill.

Our point is not to be misconstrued as placing all wings of either or both parties in the same file folder, labeled "McCarthyists." Between the Republicans and the Democrats, and within the Democratic Party between the Southern reactionaries and the Fair Dealers, significant differences do exist on the question of democracy. The Republican Party, more so than ever, is the party of big business, its politics are particularly crude with strong isolationist and powerful chauvinist pulls and with a voting base in the more backward rural areas. Thus, it feels relatively comfortable in the McCarthyist era compared to the Demo-

cratic Party with its more liberal traditions, its powerful labor backing, its greater sophistication and its recent history in world affairs which makes even it suspect by the extreme McCarthyist criteria of subversion.

What is more, we will grant that the impact on the democratic consciousness of the nation would vary considerably given a sweep of the Democratic Party in the 1956 Presidential elections as against a Republican victory. A Democratic victory might well tend to relax the grip of McCarthyism for a limited time. A winning Republican ticket headed by the Eisenhower wing would try to keep McCarthyism within "moderately progressive" limits. But a right-wing Republican victory would unquestionably tighten the McCarthyist stranglehold.

We do not minimize, then, the genuine differences on the question of democracy which exist in bourgeois politics, but this does not vitiate in any way our main point that all wings of both parties are functioning within the framework of McCarthyism. The Fair Dealers, the left wing of American capitalism, do not include in their "liberal" program a return to classical bourgeois liberalism, but limit themselves to the *liberalization of McCarthyism*. America has become so psychologized to McCarthyism and its shift in values so accented, that no one can sensibly expect the Fair Dealers to do anything more than slow up its tempo. This shift in values has already gone to such extremes that even the Southern Democrats can be lavished with unashamed praise by our most enlightened liberals for the role they played in the Senate debate on the Watkins Committee recommendations to censure Senator McCarthy. One got the impression from Murray Kempton, writing the *The New York Post*, for example, that Senator Sam

Ervin of North Carolina far from being the Southern bourbon he is, is a kindly, good-natured, fair and square sort of fellow; a cross between a mint-julep-Southern-gentleman and an evangelist. In one rhapsodic column on Senator Ervin, a man whose last consideration would be to undermine McCarthyism, Kempton concludes with a generalization about the anti-McCarthy Southern Democrats:

The true conservatives who are not new because true conservatism is well-seasoned by definition have spoken up at last. They are fighting from the old secure ground for principles they grew up with. It is nice to hear from them again.

Who would have thought only five years ago that political standards would be lowered so drastically that a left-wing liberal would virtually bedeck himself with Confederate grey, even if only in an off moment?

This preeminence of McCarthyism produced the paradox that is central to our discussion. As McCarthyism has taken firm root, it has served as a determinant for McCarthy's relaxed hold on the public imagination. In 1950, McCarthy was a unique phenomenon, outstanding in his lack of subtlety and candor. His unexcelled militancy in his war against alleged "subversion" was not in contradiction to the spirit of 1950 but far in advance of it. But McCarthy and his singular "style" in 1950 have proved to have been but an interesting preview of things, including politicians, to come. As the post-war reaction evolved from a mood to a virtual political institution; from reactionary laws only occasionally enforced, to even more sweeping laws and witch-hunting on a large scale, McCarthy with his limited imagination, has had the wind taken out of his sullied sails. Activities and accusations which once bore the distinctive McCarthy trade-

mark are now uttered with the greatest of nonchalance by leaders of his own party—and by the Democrats. For example—within his own party—the charge of treason against the Democrats which McCarthy made explicit in his party-sponsored speeches in 1952 had a startling effect on the nation. Since then, however, that charge or its equivalent has been hurled against Democratic ex-presidents by such "moderate progressives" as Dewey, Brownell, Nixon and even by Eisenhower. While the frequency of the charge may not reduce its political effectiveness, its choral performance has acted as a leveling force on McCarthy by bringing his fellow party members down to his once private pit.

THE FULL MEASURE of this decay of democratic values can be gauged by the attitude toward democracy of our educated liberals, men of learning and presumed enlightenment who pride themselves on intellectual independence, and prefer not to think of themselves as political automatons.

For the most part, these men who might at least set an intellectual tone of rebellion over methodical encroachments on democracy have not seen fit to give organized and principled battle to the legions of reaction and anti-intellectualism. What is worse, many of them have gone over to McCarthyism, some with reluctance, others with abandon. The bulk of the intellectual liberal world puts up a confused resistance to the more extreme symptoms of McCarthyism at the same time partially adapting to it, accepting as necessary some of its concrete measures and many of its premises. Instead of functioning as the conscience of America, it has for the most part provided the government with apologists, rationalizers, advisers and

authorities on the boundaries of witchhunting.

Almost as though to demonstrate this, a book has been published recently, written by two prominent liberals: *McCarthy and the Communists* by James Rorty and Moshe Decter. The book merits some reference here not only for what the authors have to say, but because it was sponsored by America's leading organization of liberal intellectuals dedicated to the preservation of freedom and culture (behind the Iron Curtain, to be sure)—the American Committee for Cultural Freedom. Although the Committee does not endorse every opinion of the authors, it is nevertheless apparent that as a whole, the book reflects its sponsor's attitude.

From this book the shift in values of these atomic age liberals and intellectuals can be briefly demonstrated and itemized:

Item: The new virtues of many Cold War liberals are illustrated in the following passage on page 151:

McCarthy was not then (1950) allied with the group of militant, dedicated anti-Communists in the Senate, which included McCarran, Bridges, Wherry and Eastland. These men were conservative; some of them were isolationists who opposed constructive measures like the Marshall Plan, designed to strengthen the free world. *But they had the virtue of being strongly anti-Communist and anti-Soviet in the critical years immediately following World War II.* (Emphasis added.)

Item: On the Loyalty Program. Decter and Rorty have several serious criticisms of the loyalty program instituted under Truman's Executive Order. They present the statistic of 17,060 cases being tried by the Civil Service Loyalty Review Board by June 1953. Of these cases 557 were dismissed or denied employment. The authors comment: "It does not take

a trained investigator to see something wrong with this picture: either too many innocent people were placed in jeopardy, or too many guilty persons were being cleared. Actually, the Truman loyalty program was faulty in both respects." The authors then proceed to emphasize Truman's "laxness" in allowing not only Communists but "especially fellow travelers and Communist-fronters [to slip] through the loopholes of the loyalty standards." Insofar as McCarthy's charges of Communist infiltration of the State Department are concerned, the authors believe that: "in spite of exaggerations on both sides McCarthy's essential point was a valid one: the State Department's security program had been lax and frequently ineffective." Damaging evidence of Truman's lax witchhunt is then offered. Of the 110 names submitted by McCarthy in 1950, 18 of McCarthy's cases had finally by 1954 "been separated in one way or another from government service" thus proving to these sterling liberals that the Truman administration was trying to overlook subversives for partisan reasons. Decter and Rorty list the most "notorious" and "dangerous" men on McCarthy's list including Owen Lattimore, William Remington, John Carter Vincent, concluding that:

There were quite a few similar cases; people with bulging records of pro-Communist activities and associations successfully weathered many departmental security hearings, only to be discharged or allowed to resign under fire later—after McCarthy's charges. (Emphasis added.)

As a tribute to Joe McCarthy for his battle against laxity, and for his list of dangerous names, there follows:

In calling public attention to these and similar derelictions, Senator McCarthy

and others performed a public service. The subsequent acceleration of the State Department's security processes was certainly the result, at least in part, of the public pressures stimulated by the senator's activities.

In a summary section of the book, the authors have the following praise of Eisenhower's more inclusive—job exclusive—program:

It was one of the grave drawbacks of the Truman administration's security program that it placed the major emphasis on finding grounds for doubting the loyalty of an employee. And it is one of the major advantages of the Eisenhower program that the loyalty and security programs are now formally combined. This means that decisions will tend to emphasize security, which can be ascertained with far more objectivity and accuracy than loyalty.

Item: On Investigating Committees. Rorty and Decter do an effective job in laying bare the various frauds that McCarthy perpetrated while chairman of the Senate Permanent Subcommittee on Investigations. But this does not deter the authors from praising with an almost disarming frankness the Senate Internal Security Subcommittee while headed by the late Senator McCarran. The work of this committee is used as an example at least four times in the book of the type of investigating committee America needs, with such comments as "the sober and devastatingly factual hearings conducted by the McCarran Committee."

For those who may have forgotten the "devastatingly factual hearings" conducted by this committee, they produced the "sober" report that Owen Lattimore "was from some time in the 1930's a conscious articulate instrument of the Soviet conspiracy."

Item: On Communist teachers: Needless to emphasize, Decter and

Rorty feel that membership in the Communist Party is *prima facie* evidence of "unfitness to teach." But the authors go Sidney Hook one better. Whereas Hook wants to leave it up to the faculty or school administration to dispense with the services of Communists on the faculty, our authors coyly suggest that

It has been suggested that legal acknowledgment of this principle might end the debate about the "right" of such persons to teach.

The book expresses similar attitudes on most major questions of democracy. It berates those who do not inform on former Communist associates, it admonishes others who "hide" behind the Fifth Amendment, it justifies firings of individuals with dubious backgrounds from government positions and defense plants.

In the interests of the Cold War these "liberal" authors, in effect, justify and rationalize the witchhunt. They are themselves a peculiar breed of moderate McCarthyists.

Thus, the consolidation of the Cold War reaction, and the increasing displacement of constitutional liberties by the witchhunt, the growing lack of libertarian ideals in the liberal world have all served to eclipse the Wisconsin senator.

McCarthy's Irresponsibility

In terms of providing a political barometer the Senate debate was by far the more instructive and important of the two. In the Army-McCarthy hearings the speeches and verbal blows exchanged were rarely raised above the trivial formal charges: who

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posed with whom and why, did Adams leave McCarthy's house on good terms with a slice of cream cheese under his arm, who shined Schine's shoes, how many times did Cohn, seeking favors for Schine, disturb Adams at his New England retreat, etc., etc.? Similar weighty problems were aired ad nauseam. The hearings understandably produced a general revulsion against all participants, accused and accusers, counsels and judges for their general spinlessness and ineptness. If nothing else, it provided the nation with an object lesson in how low the watermark of American politics can fall.

Despite this character of the hearings it is not to be denied that beneath the inane charges and counter charges more serious political issues were at stake. McCarthy's appeal for government informants, made late in the hearings, was the only overt evidence of the seriousness of the rupture between McCarthy and the administration.

The Senate debate on the Watkins Committee report was a different matter. This debate had only one very important feature in common with the Army hearings—the superficiality of the charges. The general accusation that McCarthy insulted the dignity of the Senate, and should therefore be censored—or condemned—can hardly be taken seriously. Abuse of one senator by another is not that novel nor are senators as a rule that sensitive. At any rate McCarthy's abusiveness nowhere near matched that of the late uncensored Senator Bilbo, for example, whose foul language was no less personally directed than McCarthy's.

Unlike the Army-McCarthy hearings, in the course of the Senate debate political differences were clearly expressed. The political motiva-

tions of the Eisenhower administration to drop McCarthy which can be deduced from the Army hearings were clarified at the Senate debate.

If these differences were openly expressed at the debate, it was no less clearly shown that for the bulk of the Senate McCarthy was not to be condemned for McCarthyism. The differences were serious but not that fundamental. It was only a rare speech by Senator Monroney or Lehman that revealed genuine misgivings over the institutions of McCarthyism. For the most part, senators went out of their way to let the nation know that they are for the Cold War witchhunt. Republican Senator Alexander Smith of New Jersey, who finally voted to condemn McCarthy, felt that any Senate action should ". . . in no way be interpreted as condemning the junior senator from Wisconsin, Mr. McCarthy, for the work he has done in investigating the public menace." This same concern over maintaining the witchhunt was expressed by the majority of Republicans and Southern Democrats who led their parties' attack on McCarthy. They rolled around in the mud of McCarthyism before taking the floor to berate McCarthy so that no one could accuse them of going soft on the witchhunt.

That it was not McCarthyism which was disturbing the Senate as much as Senator McCarthy and the needless, restrictive, and often partisan excesses of the committee he led was made most explicit in the speeches of Senators Ervin and Stennis, both members of the Watkins Committee and both highly praised in the liberal and anti-McCarthy press.

Senator Ervin speaks:

Other members of the Congress have fought Communism with as much devotion and with far more wisdom than has the junior senator from Wisconsin. I cite

the names of only a few of them: Vice-President Nixon, Senator Karl Mundt, Senator Willis Smith, Representative John Woods and Representative Francis E. Walters.

Senator Stennis made his position clear.

I commend the junior senator from Wisconsin for what good he has done. But the fact that he has done good work in that mission of the Senate does not give him license to destroy other processes of the Senate or to destroy its members.

The Senate majority was so conscious of its need to delimit the condemnation of McCarthy that they threw out the one charge which might be interpreted as a broad repudiation of Congressional investigating techniques. The Watkins Committee reported its finding that "the conduct of Senator McCarthy toward [General] Zwicker was reprehensible and that for this conduct he should be censured by the Senate." The implications of this charge were too strong for the Senate majority. General Zwicker, although a war hero, was, in fact, roundly abused by an enraged McCarthy seeking to bolster his faltering Fort Monmouth investigations. This disrespect for the military angered many legislators but to condemn McCarthy for it implied a limitation on the "right" of investigating committees to browbeat and threaten witnesses and the charge was dropped from the final resolution of condemnation adopted by the Senate. In its place was a condemnation of McCarthy for referring to the Watkins Committee as the unwitting handmaidens of communism. There were a host of reasons for the overwhelming vote to condemn McCarthy. There was the obvious advantage to the Democrats in furthering the already wide rift in the Republican

Party. For the Eisenhower Republicans, in the course of the debate and preliminary committee hearings, the vote to censure McCarthy took on a wider political meaning as an attempt to discredit the right-wing isolationist Republicans, closely identified with McCarthy, who were openly challenging the wisdom of the Eisenhower-Dulles foreign policy.

But the primary reason for condemning McCarthy was the simple *irresponsibility* of the Wisconsin senator. In the course of a speech by that Liberace among politicians, Everett Dirksen, included the following defense of McCarthy:

... Joe McCarthy, in the language that I understood in my neighborhood when I was a boy, is something of an alley fighter. That is a pretty good description. He is no master of the English language. He does not know all the fine and tripping phrases. There is a bluntness about his spirit.

This tribute to McCarthy's character is, indeed, "a pretty good description." McCarthy is an "alley fighter" par excellence. But this is precisely what disturbed the Senate. As an alley fighter, McCarthy drew no fine distinctions and his cat's claws were growing long and sharp, flailing too many and too deeply.

McCarthy is too unpredictable and completely without scruples, becoming thereby a source of worry to more responsible Republicans. *He was beginning to witchhunt the witchhunters*, and that was insufferable to half the Senate Republicans and all Democrats. It meant playing outside the rules of the game. Perhaps if McCarthy committed his excesses with less ostentation—if that were possible—he would not have run into the obstacles he did. But part of McCarthy's political irresponsibility is his boisterousness and publicity consciousness.

He broadcast his irresponsibility to the nation and the world. In terms of America's prestige abroad McCarthy was an obvious liability. He presented to Europe and Asia a distorted image of America which only served to discredit the Eisenhower administration and added considerable ammunition to the propaganda arsenal of world Stalinism.

McCarthy's irresponsibility reached its apogee in the last week of the Army hearings when he gave notice to the Eisenhower administration that he considered himself beyond the pale of legal restrictions. His appeal to all Federal employees to send him information, even if classified and secret, concerning "communism and corruption" in government, was such an open and brazen flaunting of lawful procedure, that then and there the Eisenhower administration was left no alternative but to batter McCarthy. *The Army-McCarthy hearings were inspired by the senator's invasion of the military pillar of capitalism; the Senate condemnation was brought on by his further irresponsible and totalitarian threat to place himself outside and above the hierarchy of bourgeois institutions and laws.* Had the Eisenhower administration and the Senate permitted this, it would have suffered more than lost dignity; it would have established the precedent whereby a dangerous demagogue could displace the source and center of political authority.

In addition to condemning McCarthy for challenging the authority of the administration, the law and government agencies, the Senate was anxious to relax (not relinquish) the witchhunt which has been getting out of hand. Even the pioneer among witchhunters, Representative Martin Dies, has felt the need to defend the American constitution in the light of

hysterical security procedures. McCarthy was the personification of witch-hunt excesses and through its condemnation of him, the Senate was expressing its desire to "normalize" the witchhunt which has had a crippling effect on American diplomacy and generally disoriented and hampered the efficiency of government operations.

McCarthy's Ineptness and Poor Record

A MYTH HAS DEVELOPED around Joseph McCarthy: he may not have much finesse or polish, he may not be a man of vast erudition but to compensate for these inadequacies he is a brilliant tactician, very clever in cross examination, an expert in timing his blows, etc. This misconception of McCarthy served him well. It confused his critics and helped to intimidate his would-be opponents in advance. Any objective evaluation of McCarthy's record will reveal, however, that every clever tactical move he has made has been accompanied by twice as many blunders which have, in the long run, served to divorce him from many adherents and made bitter enemies of influential men. His greatest defect on this score is his utter inability to gracefully retreat in the face of more powerful opponents or to parry their blows, and an irresistible urge to strike out against all antagonists with a violence peculiar to himself. In short, McCarthy is more blunderer and blunderbuss than brilliant tactician.

Among the blunders which have so blighted McCarthy's career we would list the following: his refusal to retreat when Washington sounded the attack which precipitated the Army-McCarthy hearings; his behavior before the Watkins Committee; his abuse of General Zwicker originally and before the Watkins Committee;

his earlier accusations against General Marshall and his offer to teach Adlai Stevenson Americanism with a slippery elm club, his "revelations" about Adelaide Case, his poorly concealed innuendoes about the loyalty of the Eisenhower administration ("21 years of treason"), his conduct at the Senate hearings on the Watkins Committee report and his subsequent direct break with Eisenhower—all these were blunders. A list of similar examples of poor timing is endless and the accumulated effect has inevitably been a negative one on McCarthy's prestige and power. There has been no compelling political reason for McCarthy's outbursts. His self-chosen calling as America's No. 1 witchhunter did not require, for example, that he extend the arena of alleged treason from the Democrats to men high in the councils of the Republican Party. This last demonstrative public move by McCarthy only served to intensify his isolation. It lost him the support of such men as General Van Fleet who was "shocked" by the "personal bitter attack against the President." (Up to the day that McCarthy excoriated Eisenhower, Van Fleet was a leading figure in the Committee of Ten Million Americans.)

What has impelled these broadsides against anybody and everybody is not exclusively in the realm of politics but psychology. That much should be obvious to anyone who has followed McCarthy's outbursts; frequently incoherent and irrational, during the televised Army-McCarthy hearings and in the course of hearings he has conducted as Chairman of the Permanent Sub-Committee on Investigations.

To be a successful politician and demagogue one need not be equipped with a temperate and well balanced personality, but the forms of McCar-

thy's distemper and imbalance must be accredited as an important factor contributing to his decline.

During the Army-McCarthy hearings this fatal lack of self-control and the absence of self-consciousness was most visibly coupled with an incredible lack of political intelligence. Worse than politically untutored, McCarthy is a total ignoramus. He has yet to make a speech or statement which reveals any understanding of genuine political problems. To get the flavor of McCarthy as a political person we must quote at least a few of his precious lines at the televised hearings. The quotations below are taken from the verbatim report of McCarthy's first day on the witness stand. The questions are asked by the temporary chief counsel of the of the Senate Permanent Sub-Committee on Investigations, Ray Jenkins, a shyster murder trial lawyer from Tennessee.

* * *

In response to a question by Jenkins on the imminence of the Communist threat from within, McCarthy draws a parallel from history:

Mr. Jenkins, let me say this by way of answer, and I've been admonishing my staff to make short answers, I hesitate at making a long one. In 1917 or 1918—I forget which it was—the Kaiser sent seven devoted Communists into Russia. They were headed by Nicolai Lenin. Seven men and within a hundred days those seven men had taken over and enslaved a nation of 180,000,000 people, and those 180,000,000 people no more wanted to be communist slaves than we do. Seven people.

Well now we've got 25,000 and they've got the experience of a good number of years behind them, so it's very imminent, urgent day to day danger.

* * *

Question: Senator McCarthy, how do you regard the communist threat to our country as compared with other threats with which it is confronted?

Answer: . . . answering your ques-

tions, Mr. Jenkins, I think I can best answer this way. Back in 1848, that's 106 years ago, you could number the members of the communist conspiracy on the fingers of both your hands.

They made very little progress so far as numbers are concerned until 1917 and 1918. It's true they did organize some hard cells throughout the country. Then all of a sudden their membership—those under communist domination, increased to 180,000,000.

* * *

In response to another question, McCarthy offers the following prescription for those suffering from insomnia:

And I may say, Mr. Jenkins, if you only have, if only you have 54,000 communists, if you could block out the fellow-travelers, block out the fellow-travelers, then we could sleep much more easily at night.

* * *

McCarthy now replies to a question with the passion of a man whose livelihood is threatened:

Q. Should we get comfort from the decrease in CP membership?

A. No, no, no, Mr. Jenkins.

Q. Why not?

A. Because they are tightening up their organization.

* * *

And now McCarthy as a Doctor of Pedagogy:

. . . now I may say, Mr. Jenkins, I don't care how much of a screwball or crackpot any professor or teacher may be, so long as he or she is a free agent.

But if McCarthy himself is not of an intellectual bent what of his advisors. Here too, we have a gauge of the man's worth and a cause for his lowered station. McCarthy did not even feel the need to surround himself with men of talent. His staff consisted of such zeros as Carr, Cohn, Schine, Surine, Juliana, and his tipsters included such authorities on communism as Matusow and Bentley.

If McCarthy failed to surround himself with intellectual heavyweights, it is not only because he

failed to seek them out. It is a mutual repugnance. There are scattered intellectuals who defend McCarthy, but with reservations. McCarthy failed to achieve the respectability which could attract a loyal intellectual elite, and he has built no organized social movement which could provide a focal point for intellectuals of the extreme right.

The ruggedness of McCarthy, his bluntness, arrogance and aggressiveness did serve him well for a time. It blended with the strong, rugged-individualist, know nothing and xenophobic traditions so powerful in the United States, particularly in the mid-west. McCarthy, in a sense, talked the language of the people. He was not a slick, mealy-mouthed politician but a man who spoke his mind freely and without fear! He would take on anyone who crossed him! This had an undeniable appeal for a large segment of the American public.

But the basis of this appeal is also a reason for the growing alienation of large numbers of his supporters. While the public may admire a man who can speak its language, it demands more than that of a leader. It wants talents which it, itself, may not possess and which McCarthy has made increasingly clear he does not possess, either.

THE DISILLUSIONMENT WHICH GREW among large numbers of people who watched McCarthy's antics can only be exacerbated by the wide publicity recently given to McCarthy's record.

The Senate Permanent Sub-Committee on Investigations which McCarthy chaired, devoted its main energies in the past three years to two major investigations: (1) The International Information Administration which is an adjunct of the State Department and parent body of the

Voice of America and (2) the Fort Monmouth Signal Corps laboratories.

McCarthy initiated the investigations with grandiose claims. In the HIA he was to uncover an enormous Communist plot and at Fort Monmouth he promised the same exposures plus revelations of "very, very current espionage."

McCarthy not only failed to produce "spies" in either investigation, but in neither case was able to expose a single current member of the Communist Party. Instead he brought to the witness chair an army of ex-Stalinists, liberals, crackpot stoolpigeons, men accused of atheism, others of sexual communism, etc., but no one on whom the Communist label could be made to stick.

In the Fort Monmouth hearings, as a result of McCarthy's pressure and independent army witchhunting, 36 technicians were dropped as security risks. Not one of them was proven to be a Communist and the cases were so flimsy that to date the army has been obligated to reinstate 28 of them.

It cannot be claimed that the McCarthy hoax has been exposed to the satisfaction of all. There are still large numbers of lukewarm admirers of Senator McCarthy who say in effect "we do not like his methods but at least he gets results," but their ranks have been thinned by the increased publicity of McCarthy's record.

Lack of a Program

MCCARTHY IS AN AGITATOR but he is not a social demagogue. An example of the latter could be found in Huey Long, who developed a social program, organized a movement and attempted to create a devoted, socially conscious mass plebeian base. McCarthy has attempted none of these things, and in this inability to follow

Long's pattern we see one of the more basic reasons for McCarthy's rapid decline. Year in and year out McCarthy has strummed only one string on his guitar—anti-Communism. But exposing non-existent internal Communist plots by its very fraudulent and restricted nature offers no resolution of anxiety producing social problems, and has fatal limitations as an outlet for the dissatisfactions and frustrations of the mass of people. The monotone produced by McCarthy's one-string guitar plucking could not hold a large audience of admirers spell bound for ever. Boredom began to raise its indifferent head.

Any politician who is going to restrict himself to Communist hunting can ill afford to delude himself with prospects of indefinite notoriety and widespread affection. Communist hunting can only effectively raise a politician to permanent importance if the internal threat is real, if the exposed plots involve real spies—not dentists and clerks, and/or if political passions have been so inflamed by social conflict and overt dissatisfaction that the threat of Communist subversion, even if fictitious, can nonetheless, effectively be made to appear genuine. On the other hand had McCarthy decided to make a permanent place for himself in American politics by embarking on a program of social demagoguery, he could not have escaped disaster. If he attempted to build a political base for himself as a distinctive political personality, it could only be through a distinctive political program. But what would such a program look like and to whom could it appeal today? A program of "works projects" would have little meaning in a period of prosperity, an appeal to farmers for "full parity" would only mean one voice among many. Any extreme proposals

of economic demagoguery calling for "sharing the wealth" or "soaking the rich" would not find a positive mass reception and would alienate McCarthy's important financial backers who look upon him only as a Communist hunter and a good man to have around for knocking about "pinko" Democrats — and Republicans. In this connection a recent poll taken by *Fortune* magazine (April-May issues, 1954) is extremely instructive. A number of the nation's top business executives were polled on their attitude toward Senator McCarthy. A large percentage generally supported the senator's activities though the editors of *Fortune* noted that this support had declined from the previous year and was now highly qualified. But, in response to the question of how they would feel about the senator developing any economic reform program *Fortune* reports the following:

... one of the best illustrations of the limitations upon the senator's future is to ask a pro-McCarthy businessman how he would feel if Joe turned "liberal" on questions of domestic economic policy. Some astute political observers have said they could not get alarmed about McCarthy unless, along with his appeal to anti-communism and nationalism, he also developed a broadly demagogic appeal on economic issues. What if McCarthy suddenly started talking up a more liberal revision of Taft-Hartley than the president has proposed? Vast public works programs? Cheaper money? Pro-McCarthy businessmen said they would start unloading him fast.

These pro-McCarthy business men would "start unloading him fast" despite his continued Communist hunting not because at any and all times they are opposed to demagogic appeals—even to reforming the Taft-Hartley Act—but because there is absolutely no necessity for it today. Such extreme and, for it, dangerous appeals

become necessary only in times of great social unrest when whole sections of the bourgeoisie feeling itself under enormous internal pressure may make every effort to divert mass discontent.

McCarthy has enough instinctive understanding of politics to know that developing a social program—for which he does not have the talent, even if times were permissive—would be directed against the domestic policies of the Republican Party and could lead only to an organizational rupture. And any attempt to build a "Third Party" today based on a program of economic demagoguery is slated for quick political embalming.

McCarthy obviously feels the need for broadening his interests, and in recent months has shown it by a paying greater attention to American foreign policy. But the impact of his opinions on foreign affairs could not move a steel ball balanced on an egg. McCarthy is already stigmatized as a Communist hunter—and a somewhat discredited one at that—whose opinions on other matters are of incidental significance. The press, for example, refuses to take McCarthy seriously on foreign policy. His speeches, warnings and threats over "softness" toward China have been producing ever diminishing returns. As a Communist hunter, McCarthy in his heyday could hit headlines almost at will; today, however, he stands no chance of usurping Knowland's position as the spokesman of isolationism.

A final reason for McCarthy's weakened grip is the personal popularity of Eisenhower and more fundamentally, the fact that the Republican party, dominated by the "moderate progressives" is in power. In a sense, McCarthy needs the Democratic Party in control of Washington. He is in no position to break from the Republican

Party now and his most virulent attacks are still reserved for the opposition party. His rantings against a party not in power have obvious limitations for a nation which is becoming increasingly dissatisfied with the domestic "accomplishments" and foreign "program" of the Republican Party.

A new reactionary third party in our opinion is extremely unlikely for reasons already given. But politics is not always rational and we cannot exclude the possibility of an independently organized coalition of the most rabid McCarthyites and isolationists

"Co-Existence" as a Catch-Phrase In The Cold War

There is no fear more universal among the peoples of the world than the fear of a third world war. There is no wish more profound among these people than the wish for peace between the powers whose conflicts threaten war. And there is no formula that has aroused such widespread hope for an end to fear than the formula of "peaceful co-existence." The Stalinists, who are the most active and persistent promoters of the formula, can rightly claim to have originated it, popularized it in every country and translated it into every language of the earth, including gibberish. But they are not its only banner-bearers. Tito is warmly in favor of peaceful co-existence. Nehru is, too. So is Attlee and, naturally, Bevan. Even that does not complete the list. Churchill has for some time now "nourished the hope that there is a new outlook in Russia, a new hope of peaceful co-existence with the Russian nation," as he said last October 10th. French Social Democrats, Radical Socialists, "Independents" of every hue

in and outside the Republican Party. Even in the case of this unlikely development we cannot foresee McCarthy regaining his lost popularity. In the first place this new third party would in short order be reduced in the public eye to a crackpot level; in the second place, within such a coalition there is no reason to assume that McCarthy would be its central figure. McCarthy, given all the limitations in his personality, record and intelligence isn't capable of playing a dominant independent political role.

Julius FALK

and price and de Gaullists vie for prominence in this field. German supporters include Frankfurt bankers, Ruhr industrialists, Lutheran pastors, former prime ministers, former generals, former Nazis, former revolutionists and former Germans. And to close the ring, the United States too is full of supporters, from the supine and eager, like, let us say, the editors of the *Nation*, who are for it in English or Russian or any other language, to the President of the United States himself, who suspecting its Russian origin declines to subscribe to the official term and offers in its stead an authentically American formula, "modus vivendi," which turns out to read, when translated into English by Latin scholars, "peaceful co-existence."

In these circumstances, it is positively astounding that there should be any danger of war whatever. In a world whose every important part is not only populated but led by proponents of peaceful co-existence of nations and peoples, the preparations for war and the fear of war would alike

seem to be grotesquely irrational. The fact that masses of people have seized so eagerly upon the formula of co-existence is an indication, if a new one were needed, of how passionately they desire peace. And the fact that the spokesmen and leaders of the very powers whose conflict is generating war are at the same time proclaiming the formula as their very own, on both sides, is an indication of how meaningless it is as an assurance of peace.

The phrase, "peaceful co-existence," as originated by the Stalinists, is, standing by itself, either meaningless or worse than meaningless. As presented by Stalin, the idea which it is supposed to summarize is both hilarious and an insult to people accustomed to thinking politically about political questions. A good enough sample is provided in the colloquy between Stalin and Harold Stassen (April 9, 1947) in which the former does all he can to show his contempt for the intelligence of people and the latter does all he can to justify it.

Stassen: Generalissimo Stalin . . . the relations of the U.S.A. and the USSR are very important. I realize that we have two economic systems that are very different. . . . I would be interested to know if you think these two economic systems can exist together in the same modern world in harmony with each other?

Stalin: Of course they can. The difference between them is not important so far as cooperation is concerned. The systems in Germany and the United States are the same but war broke out between them. The U.S. and USSR systems are different but we didn't wage war against each other and the USSR does not propose to. If during the war they could cooperate, why can't they today in peace, given the wish to cooperate? Of course, if there is no desire to cooperate, even with the same economic system they may fall out as was the case with Germany. . .

If one party does not wish to cooperate, then that means there exists a threat of attack. And actually Germany, not wish-

ing to cooperate with the USSR, attacked the USSR. Could the USSR have cooperated with Germany? Yes, the USSR could have cooperated with Germany but the Germans did not wish to cooperate. Otherwise the USSR could have cooperated with Germany as with any other country. As you see, this concerns the sphere of desire and not the possibility of cooperating. It is necessary to make a distinction between the possibility of cooperating and the wish to cooperate. The possibility of cooperation always exists but there is not always present the wish to cooperate. If one party does not wish to cooperate, then the result will be conflict, war.

Stassen: It must be mutual. . . .

Stalin: Let us not mutually criticize our systems. Everyone has the right to follow the system he wants to maintain. Which one is better will be said by history. We should respect the systems chosen by the people, and whether the system is good or bad is the business of the American people. To cooperate, one does not need the same systems. One should respect the other system when approved by the people. Only on this basis can we secure cooperation. Only, if we criticize, it will lead us too far. . . .

Some people call the Soviet system totalitarian. Our people call the American system monopoly capitalism. If we start calling each other names with the words monopolist and totalitarian, it will lead to no cooperation.

We must start from the historical fact that there are two systems approved by the people. Only on that basis is cooperation possible. If we distract each other with criticism, that is propaganda.

As to propaganda, I am not a propagandist but a business-like man. We should not be sectarian. When the people wish to change the systems they will do so. . . .

Stassen: As I see it, then, you think it is possible that there will be cooperation provided there is a will and desire to cooperate.

Stalin: That is correct. . . .

Stassen: I appreciate the opportunity of talking with you. (J. Stalin, *For Peaceful Coexistence*, pp. 33-36.)

If Stalin were still alive, you could not exclude the possibility that he would some day laugh himself to

death from thinking of this conversation, of the serious attention he received from his visitor, and of the assiduity with which a worldwide movement that once had respect for the science of Marxism would disseminate his words as the essence of its political program.

It is hardly necessary to dwell on the fact that there is not an ounce of Lenin's thinking and teaching in all this political rubbish, even if we allow for a moment for anything as preposterous as a comparison between the workers' Soviet republic which Lenin represented and talked about and the paradise of exploitation which Stalin constructed. "World imperialism," said Lenin in March, 1918, "cannot live side by side with a victorious advancing social revolution." A more direct and unambiguous refutation-in-advance of Stalin could not be asked for. "The existence of the Soviet republic side by side with imperialist states for any length of time is inconceivable. In the end one or the other must triumph," said Lenin exactly a year later. In November, 1920, Lenin reiterated: "As long as capitalism and socialism remain side by side we cannot live peacefully—the one or the other will be the victor in the end. An obituary will be sung either over the death of world capitalism or the death of the Soviet Republic. At present we have only a respite in the war." Those who need more examples of Lenin's views on this subject will find more than enough of them assembled by Trotsky in his critique of the draft program of the Communist International submitted to its Sixth Congress in 1928. But the above is enough to show that here too, when Stalin assured his American visitor that "as to the possibility of cooperation, I adhere to Lenin," he was perpetrating a characteristic fraud, that is, the basic ele-

ment upon which his reputation and regime have always subsisted.

IT MAY BE THOUGHT that so many things have changed since Lenin's time that Stalin should be looked upon not as a spurious follower but as a worthy innovator. Let us make some such assumption, and test Stalin's views not against Lenin's, which is after all of secondary importance, but against social reality.

It now appears both possible and desirable that "these two economic systems can exist together in the same modern world in harmony with each other." Aren't these two systems different? Of course they are; but, says Stalin, "the difference between them is not important so far as cooperation is concerned," and is not therefore of a nature that would generate between them the kind of conflict that leads to war, always—let it not be forgotten—"given the wish to cooperate."

If the difference between them is not important in this connection, then obviously the antagonism which this difference expresses is likewise not so important; that is, the antagonism is not irreconcilable, conflict between the two systems leading to the victory of one or the other is not inevitable, because "the possibility of cooperation always exists"—we note, "always."

What do the two systems represent? According to Stalin, at least, the one represents socialism and the other capitalism. In the former, the working class and its interests have reached, at any rate, according to Stalin, their highest and most concentrated expression. In the latter, it is the capitalist class and its interests that find their most concentrated expression. Is there a conflict between the two? There is, and Stalin, like his successors in the Kremlin and his followers in the Communist parties, would be the last man

to deny it. And the conflict results from what? From the fact that the systems are not the same? From the fact that they represent different, antagonistic, irreconcilable class interests? Not a bit of it. "To cooperate," emphasizes Stalin, "one does not need the same systems." As for Russia, "Russia wants to cooperate." It is only "If one party does not wish to cooperate, then the result will be conflict, war." Peace, even peace in perpetuity ("the possibility of cooperation always exists"), then depends entirely upon "the wish to cooperate."

Fine! Excellent! Most encouraging!

But conflict and war are a most disruptive reality or else a permanent threat not only between nations but within them as well. If durable peace between different states which represent different classes and class interests is not only possible and desirable but is also attainable provided only there is good will on both sides, then *a fortiori* it is possible and desirable, within a given state, to attain a durable peace between presently conflicting classes, class organizations and class institutions if, again, there is good will on both sides? Indeed, if it is so easy to achieve international peace between foreigners, it should be ten times easier to achieve peace within the national family.

It follows ineluctably that class struggle, class warfare, is not the irrepressible product of inherently antagonistic social relations but the result of ill-will on one or more sides, of "not wishing to cooperate." If these two economic systems can exist together in the same modern world in harmony with each other ("Of course they can," says Stalin), then there is no reason of God, Nature or Man why the *two economic classes* cannot exist together in every country in harmony with each other, for by the same

token, "the possibility of cooperation always exists." Class struggle is produced by ill-will, class collaboration is assured by the wish to cooperate and with it peace at home as well as abroad. It follows finally that class organizations, about the need of which the Stalinists speak from time to time, are at best an anachronism. Peace here and everywhere can be sufficiently guaranteed by assembling into one organization all those who "wish to cooperate" and isolating into wretched cliques of the publicly pilloried those in whom, to quote Stalin again, "there is not always present the wish to cooperate." And if peace is, as the Stalinists always stress, the most important and most desirable thing in the world today, then the division of society into those "who wish" as against those "who do not wish" becomes the most important, most desirable, most meaningful division, superseding all other divisions in every significant respect.

"Peaceful co-existence," as set forth by Stalin, proves to be a hollow phrase, a catchphrase for the unwary and unthinking that has no more meaning by itself than its equally hollow simplification and equivalent—"Peace" without further qualification. The fact is that the cry of "Peace," regardless of the nobility of the ideal it expressed and sought to achieve, has never been anything more than a pious utterance, a ceremonial watchword, a will-o'-the-wisp, and even, at times, a downright fraud, *except where it was related concretely to the terms on which it was to be realized and preserved.*

On this score, at least, no fault attaches to the Stalinists. They are free of the charge of pacifist abstractness, of crying peace for the sake of peace, of crying peace at any cost. Once they have made sure that the air is posi-

tively dense with the shouts of "peaceful co-existence" and that all inquiring voices have been shamed or intimidated into silence by facing them with the cry that "The only alternative to co-existence is co-destruction" (or "no-existence" or any of a dozen other versions of the same dire thought), they are ready to present their concrete terms for peace.

The first condition, as already stated by Stalin, is most characteristic. It is the demand for the gag over the mouth. "Some people call the Soviet system totalitarian. Our people call the American system monopoly capitalism. If we start calling each other names with the words monopolist and totalitarian, it will lead to no cooperation. . . . If we distract each other with criticism, that is propaganda (sic!)." From the Russian side, such an agreement would be most pleasant. Nobody who lives under Stalinism has the right to criticize anything or anybody except as ordered by the police regime; the press and all other means of communication are exactly 100 per cent in the hands of that regime; if it orders its press and spokesmen to call capitalism "names" (incredible phrase!) like "monopolist," it loses nothing; it still has at its complete disposal a vast machine in every capitalist country whose capacity for "calling names" is as vast as it is undeterred. It gains enormously, however, by inducing its governmental counterpart in the capitalist countries to enforce silence upon its people as to the nature and deeds of the Stalinist regime.

There is not a regime anywhere in the world today that is as sensitive to criticism and as unrelentingly merciless toward its critics as the regime of the Kremlin.

But this demand is much too general and "idealistic" to acquire prominence in the Stalinist platform. More

urgent demands are in the forefront. *They are the demands which must be fulfilled in order to safeguard the usurpations, the conquests, the subjugations and exploitations which lie at the basis of the enormous power which the Stalinist bureaucracy has acquired.*

NEVER BEFORE IN HISTORY has a single power ruled over such vast territories and populations as do the Russian totalitarians today. Yet, even though so many of its adversaries are paralyzed into terror and panic at the spectacle of apparent invulnerability and solidity of the Kremlin, its power is in reality precarious in the extreme. It has not yet succeeded in consolidating its own ranks as a stable ruling class, and even if allowed that it can ever succeed, all the indications are that for this it needs a long and undisturbed period. It has not yet succeeded in consolidating the power of the ruling class as a whole over the people from whom it usurped it, and for this consolidation, too, it needs a long and undisturbed period, if it can ever achieve it at all. It has far from succeeded in consolidating its rule over the countries which swelled its imperialist power after the war, and for that too it requires time—more time than for anything else. The Stalinist bureaucracy, to maintain the succulent powers and privileges which it has torn from the masses over whom it rules, must wage incessant warfare against them. Before it can do more outside its empire than it is doing now, that is, more than laying the groundwork for additional conquest and spoliation in the near or distant future, it needs to feel that it has more or less won its war against the peoples of its empire. Whoever does not understand this fundamental consideration, cannot begin to understand the present

massive Stalinist campaign around the slogan of "peaceful co-existence."

The device is much older than Stalinism, for, as the French would say, they have not invented their powder. In the very midst of the World War, Hitler, having conquered most of Europe but not yet consolidated his conquests, offered peace to England, and there is no doubt that he was perfectly sincere in his desire to "co-exist peacefully" with the British until he felt safe enough to give the next marching orders. Once Japan had won, or virtually won, all the territory it needed for the establishment of its Asian Co-Prosperity Sphere, it was undoubtedly ready for a Co-existence Peace with the United States. It is hardly necessary to go further back into history for the hundreds of similar examples which it provides.

In this light, the terms which the Stalinists hope to win in obtaining the peace they have in mind fall into clearer perspective. They are most directly summarized in the directives around which American Stalinists are ordered to organize their campaign for "peaceful co-existence" in this country by a spokesman for the party leadership, A. B. Magil (*Political Affairs*, January, 1955, p. 14): "three issues take top priority today: West German rearmament, policy toward People's China, especially as it relates to Formosa, and U.M.T. (Universal Military Training)."

The concentration of Stalinist opposition on the question of German rearmament is as understandable as it is revealing. Germany is the only country which has the innate strength to enable it to become the center and main base of an anti-Stalinist bloc, if not in the world as a whole then at least in Europe. Whether it would be effective for a short time (in case it were organized on a reactionary foun-

ation and by reactionary methods) or for a long time (in case it were organized on a democratic foundation and by democratic methods), there is no doubt that it would represent the only possibility of a power native to Europe that would inspire dread and panic in the Kremlin. As suggested, the unification of Western Europe (Western, that is, to start with) around Germany as its strongest pillar could take place in a reactionary or a progressive way. One way or the other it will have to take place, for to try to postpone the consummation of the organic trend that leads to it can only prolong the agony and convulsions to which Europe is subject in its present archaic division. The first attempt to unite it into one organized whole was a disaster for Germany, a disaster for all of Europe and a disaster for Russia as well. It could not end otherwise, for in its foundation and the manner of its organization it was reactionary. Fascism could work in no other way and the outcome could be no different than it was. It does not follow, however, that that was the only way; another is as possible as it is necessary.

Germany is already well on the way to that commanding position, by virtue of its tremendous and steadily growing economic and political strength, which will enable it once again to make the effort at initiating and directing the unification of Europe. It will act under one leadership or another: the leadership of the bourgeoisie, represented by militant reactionaries or even by a second-growth Fascist movement; or the leadership of the proletariat, represented at first, perhaps, by the Social Democratic Party as it is but subject to a political development into the kind of socialist movement it can and must become. The one Germany or the other would constitute a danger to Stalinism in the

highest degree, and while in the first case it would also be a danger to the working class and democracy everywhere, in the second case it could not but be a powerful source of hope and encouragement to the working class and democracy and even, under favorable circumstances, be a historical milestone marking a decisive turn in world history.

It would be preposterous to conclude that the newly-reconstituted Germany is equally at the disposal, so to speak, of Fascism or the working class. At the present time and for the entire next period at least, the working class and its political movement are so far ahead of Fascism or neo-Fascism in the race for the leadership of the nation that the two cannot be mentioned in the same breath. On this score, there is no need to pay the slightest attention to the hysterical outcries about a "new Fascist wave" in Germany which are heard from ignoramuses or from not-at-all ignorant but cool-calculating politicians, the Stalinists in the first place, who have their irons to warm in the fires of indignation they aim to light. The Fascist movement as a movement of any serious consequence in Germany today has less—far less—weight and importance than Hitler's movement at the time of the Munich *Putsch* in 1923. Fascism itself has suffered an all but incalculable moral and political discredit among the German people, not only among all sections of the working people but among the middle classes as well. The German youth, taken virtually as a whole, is hostile or at the least ice-cold toward Fascism in any form, past or resurrected. As for the bourgeoisie, the last thing it is thinking of at the present time is a Fascist movement—it does not want it, speaking subjectively; it does not need it, speaking objectively. Practi-

cally every consideration of international and domestic politics speaks against the significant recrudescence of a Fascist movement in Germany in the next period. For the next stage belongs to the Social Democracy and the labor movement on which it rests, its neo-reformist, anti-class-war theorists to the contrary notwithstanding. Indeed, it is hardly possible to speak seriously about a serious Fascist movement in Germany until that stage, the stage of working-class domination of the political situation, has passed with the party of the working class having proved its demoralization and incapacity to lead the nation in solving its problems.

In that connection, it would be grossly premature, to put it mildly, to assume the worst for tomorrow's development. To put it otherwise, there is no need to assume that the next period will bring a mere reproduction of the Weimar Republic and all the wretched impotence and perspectivelessness that distinguished it and led to its early demise. The German working class is united for the first time in decades, and if the party banner under which it is united is not an altogether clear one and if its present official spokesmen leave almost everything to be desired, the fact remains that the German proletariat has learned many bitter lessons already and is capable of learning everything else it needs to know in the time which is left to it for freedom of movement. In the forefront of the international working class today, as its leading division, stand the British and German socialist proletariats and of the two there is no doubt as to which is of greater political importance.

It is not easy to say which prospect fills the Stalinist bureaucracy with more fear, the prospect of a strong Fascist Germany (and a Fascist Ger-

many would be strong indeed) or that of a strong Socialist Germany (and a Socialist Germany would be infinitely stronger and solidier). In all likelihood, the Kremlin fears the latter far more than the former. What is certain is that if that were the case it would be entirely justified in its apprehensions. A Socialist Germany would sound the knell of a Stalinist Russia, of the whole Stalinist empire. It would become absolutely impossible for the Stalinist autocracy to keep its cruel knife at the throat of its slaves if it could no longer show them a knife pointed at Russia from a reactionary West. The whole putrid abomination would be destroyed root and branch by the arising slaves and destroyed overnight, so to say. Such a prospect does not seem to attract the Stalinists.

The main axis of the "co-existence" propaganda of Stalinism therefore boils down to its German policy. In that policy, it is reactionary through and through, chauvinistic through and through, imperialistic through and through; and if the unspeakable monstrosity of another war between Germany and Russia materializes again, the Russian proletariat, which will not suffer least from the holocaust, will find no consolation in the fact—and a fact it would be—that its ruling class shared heavily in the primary responsibility.

AMONG THE CAPITALIST COUNTRIES, the most prominent and unyielding in the drive to keep Germany dismembered, weak, dependent and dictated to by force by other powers, is France. To the extent that they aid and abet France in this chauvinistic expression of her own decay to the level of a second-rank power, British and American imperialism share responsibility for this unjust and even criminal policy toward Germany and for all its

consequences in the future. To rob Germany of the Saar is a cynical outrage against the very democracy which the despoilers proclaim; to prohibit Germany by force from freely deciding her own foreign policy, is an outrage against her national sovereignty and thereby against an elementary democratic right that every nation should enjoy; to impose upon Germany a decision made by others on its military establishment, an inherent right of any sovereign nation which Germany is prohibited by armed force from exercising freely, is an affront to the people of the country, regardless of whether they themselves favor a military establishment or not, or if they do, regardless of how they propose to institute it; to have others decide for Germany, with armed force to impose the decision upon her, how she shall organize her internal political life, how she shall organize and carry through elections, how she shall organize her governmental machinery and what limits she is forbidden to pass, is one of the most brazen denials of democracy ever to be perpetrated in the very name of democracy.

But each of these three occupying powers, indeed all three put together, do not equal in intensity, perseverance, shamelessness and reaction the policy toward Germany which the Stalinists demand as their conditions for "peaceful co-existence."

The Russians not only support the most reactionary, militaristic and chauvinistic sections of French society in their hostility toward Germany; they not only support the ruthless amputation from Germany of the Saar region by French imperialism; they not only suggest that the Ruhr, the economic heart of Germany, be taken out of German hands and jointly exploited by others. They have gone and continue to go further.

The Russians stole one part of East Prussia and annexed it to the Russian empire; in addition, they turned over the southern 39,000 square miles of it, with the three provinces of West Prussia, Pomerania and Silesia to their Polish vassals in order to help tie Poland hand and foot to the Kremlin's foreign policy. (It has always been thus in the history of imperialism: by turning over some slaves to his vassal, the imperialist overlord makes the vassal his slave in turn.) The Russians tied their Czechoslovakian vassal hand and foot to their foreign policy by returning to their role the land of the Sudeten-Germans, who have repeatedly sought to exercise their elementary right to unite with all other Germans into a single sovereign nation. (The fact that the Western allies of Russia acquiesced in these spoliations at various honeymoon conferences with Stalin on the basis, primarily, of stupidity and gullibility and in the hope of *quid pro quo*, does not in the least excuse their complicity in the crime.) The Russians ripped what is now called so mockingly the "German Democratic Republic" from what remained of Germany and turned over its sub-management to a band of degraded, characterless quislings who no more deserve the name of revolutionists or democrats than they do the name of Germans.

It is the same Russians, that is, the Stalinist bureaucracy, that now insists:

Germany shall be prohibited by force from attempting to unite into a single nation with the German people of Austria even if that should be democratically determined on both sides. (That is, Stalinism has now taken over bag and baggage the leadership in enforcing the policy that was not only unique to French military-reaction before the war but which was then con-

demned by communists, socialists and democrats of all shades);

Germany shall be prohibited from electing a government on the basis of the free electoral system that is common to, let us say, France, England and the United States. Participation in the election shall be permitted only to such political organizations and personalities as pass muster with the occupying powers, which means in the concrete, as pass muster with the Stalinists, so as to assure the formation of a government that is acceptable, if not to the people of Germany, then at least to the Kremlin. (As Stalin once said about countries like Poland, in a retort to Churchill: "What can there be surprising about the fact that the Soviet Union, anxious for its future safety, is trying to see to it that governments loyal in their attitude to the Soviet Union should exist in these countries?" An imperialist might express himself even more frankly than this, but the improvement would be quite superfluous).

Germany shall be prohibited, alone of all the countries of Europe, from having the right to decide as a sovereign power on its military affairs, except in so far as its decisions receive the approval of the Stalinists who deny anyone, including the Russian people, the right to interfere with their autocratic-sovereign right to decide their military or any other affairs;

And Germany shall be prohibited, alone of all the countries of Europe, from making any alliances with other countries, except in so far as its proposals meet with the approval of the Stalinists, who reserve the right to make alliances with Hitler one day, and Churchill the next, with Chiang Kai-shek one day and against him the next, with the Patriarchs of the Greek Orthodox Church one day and the devil's grandmother the next.

The Stalinists fear a united, independent, strong Germany, but above all they fear an independent socialist Germany which would be able to proceed irresistibly to the unification and consolidation of a democratic German nation serving as anchor of a democratic united Europe. They fear it with good cause!

(In this connection, the refusal of the German Social Democratic Party to join Adenauer in accepting the dismemberment of Germany into two parts, is entirely justified, and from every standpoint at that. Equally justified is the refusal of the party to support the Paris agreements on a new German army which it would be hard to call a "German" army in the first place and which would be—is already being—launched under reactionary auspices and control. Not at all justified, however, is the failure of the party leadership to present to the people a concrete alternative program of its own which would provide for the unification of all of Germany on a democratic basis and at the same time for a democratic defense of the authentic national interests of Germany. In the absence of a democratic socialist military defense program, entirely in consonance with the revolutionary traditions of the German Marxist movement, the Social Democratic Party turns over the task of the defense of the country, willy-nilly, to American imperialism. In consequence, the legitimate national interests of a democratic Germany are obliterated by the imperialist interests of world capitalism and the menacing presence of the Stalinist armies at and even inside Germany's frontiers is perpetuated. Passive "neutralism" here to is no substitute for the active, positive, militant and independent position of Third Camp socialism.)

The imperialist nature of the Stalin-

ist policy which is so clear in the case of Germany stems from its class position and its class interests. Even without the threat from the newly-rising Germany—and we repeat, the threat is not less great from a socialist Germany than from a reactionary Germany, even if the threat is fundamentally different in kind and in consequences—the position of the Kremlin despotism is exceedingly precarious, and nobody knows this better than the despots themselves.

THE SECOND WORLD WAR was the most critical test to which the Stalinist regime was submitted. It lacked but a hair's breadth from failing to survive the test. If it did survive, it was less because of strength of its own than because of the extreme criminality of its opponent. In a manner of speaking, if Stalin made it possible for Hitler to take power in Germany in 1933, Hitler repaid him by making it possible for Stalin to retain power in Russia ten years later. But before Hitler made it unmistakably clear that he was warring not only against the regime but also against the nation (or rather the nations) as a whole and all the peoples in it, thus enabling Stalin to mobilize sufficient national popular strength to withstand the Hitlerite assault—before that, the numerous peoples of the Stalinist empire, the Russian people included, made it amply evident that they hated their regime, many of them with an extremism that was manifested in no other country during the war. At no stage of the war were there such humiliating mass surrenders as during the first half year of the Nazi assault upon Russia; in no other country did so many people serve in the army of the enemy as troops joining the attack upon their own regime; in no other country did so many people welcome, at least at the beginning, the invading

enemy; no other country can show a fraction of the number from the Russian empire, displaced from their homeland, who refuse to return to it. When assembled, the facts, which have been almost completely suppressed by the efficient falsification-and-myth-making machine of Stalinism, stand as the strongest popular condemnation of a regime that can be found anywhere in the twentieth century.

The wrath and hatred of the peoples of the Stalinist empire has not been dispelled. It is as deep as before; in many respects it has deepened since the end of the war. It is this hostility of the masses, active or passive, that keeps the totalitarian bureaucracy in a state of permanent crisis. The crisis in agriculture is a permanent political crisis of the regime which cannot conquer the hostility of the state serfs. The crisis in industry is a permanent political crisis of the regime which cannot overcome the year-round passive strike of a working class subjected to the most intensive exploitation known in any modern country in this century. The crisis of the empire is a permanent political crisis created by the rebellion of the peoples of the "national republics" and the newly-annexed satellite countries against the Stalinist Great-Russian chauvinism and imperialism. And as a sort of superstructure resting upon all of them is the permanent crisis in the ranks of the ruling class itself, broadly conceived, which demands a "democracy" and "relaxation" for itself which the totalitarian summits of the regime cannot grant because the police terror which it needs to keep the mass subjected to the ruling class must of necessity be directed in part against the ruling class itself!

How ironical it is that anyone, Bevan, or Nehru, or even Stassen, should listen seriously to preachments about

"peaceful co-existence" from people who have shown no ability to co-exist peacefully with their vassal-allies, whom they keep under military control; with their own people at home, whom they keep under strictest police surveillance and terror; with their own ruling class, from whom they forcibly take all political rights in order to keep an all-pervading armed guard that prevents the people as a whole from acquiring any political rights; or even within their own circle of self-perpetuating despots, not one of whom is sure of escaping another day from the omnipresent threat of a bullet at the base of the skull!

TO LIFT THE MASK of fraud from the Stalinist campaign for "peaceful co-existence" does not eliminate the need of counterposing to it a socialist campaign for peace. Perhaps more than anyone else, the socialists who seek to mobilize the forces of the Third Camp are eager for peace, even the relative peace of today, if for no other reason than the urgent need we feel for *time*—time in which to persuade, to clarify, to mobilize, to assemble the largest and strongest possible host that would bar the road to a horror whose full significance and consequence can only be seen in outline or guessed at right now.

Only, the socialist call for peace has at its foundation a principle which is either ignored or flouted every day by the two big imperialist camps. That principle was set forth, during the First World War, in an historic document. One day after the proclamation of the Soviet Republic by the 2nd Soviet Congress (November 8, 1917), Lenin rose to read the draft for a "Proclamation for Peace" which was adopted immediately by unanimous vote. In the parts that concern us most topically now, it read:

A just and democratic peace for which the great majority of wearied, tormented and war-exhausted toilers and laboring classes of all belligerent countries are thirsting, a peace which the Russian workers and peasants have so loudly and insistently demanded since the overthrow of the Tsar's monarchy, such a peace the [Soviet] government considers to be an immediate peace without annexations (i.e., without the seizure of foreign territory and the forcible annexation of foreign nationalities) and without indemnities.

The Russian Government proposes to all warring peoples that this kind of peace be concluded at once; it also expresses its readiness to take immediately, without the least delay, all decisive steps pending the final confirmation of all the terms of such a peace by the plenipotentiary assemblies of all countries and all nations.

By annexation or seizure of foreign territory the government, in accordance with the legal concepts of democracy in general and of the working class in particular, understands any incorporation of a small and weak nationality by a large and powerful state without a clear, definite and voluntary expression of agreement and desire by the weak nationality, regardless of the time when such forcible incorporation took place, regardless also of how developed or how backward is the nation forcibly attached or forcibly detained within the frontiers of the state and, finally, regardless of whether or not this large nation is located in Europe or in distant lands beyond the sea.

If any nation whatsoever is detained by force within the boundaries of a certain state and if, contrary to its expressed desire—whether such a desire is made manifest in the press, national assemblies, party relations, or in protests and uprisings against national oppression—is not given the right to determine the form of its state life by free voting and completely free from the presence of the troops of the annexing or stronger state and without the least pressure, then the adjoining of that nation by the stronger state is annexation, i.e., seizure by force and violence.

The government considers that to continue this war simply to decide how to divide the weak nationalities among the powerful and rich nations which had seized them would be the greatest crime

against humanity, and it solemnly announces its readiness to sign at once the terms of peace which will end this war on the indicated conditions, equally just for all nationalities without exception.

The principle enunciated in this magnificent political document and the methods by which it proposes to realize it in life, constitute a challenge to everyone, everywhere, who stands for peace, who is interested in achieving a genuine peace (which is anything but the peace of the cemetery or even the peace of the concentration camp), or who even proclaims his support of peace in any way. It is not one whit less applicable today than it was in 1917. For socialists and unreconstructed democrats, it must constitute the essence of their program for peace. It is on this program that we socialists, for our part, stand in giving our answer to the problem of Germany, of Germany robbed, of Germany annexed, of Germany divided. It is the basis for our answer to the problem of Formosa, the freely-expressed opinion of whose inhabitants the two imperialist blocs do not even think of ascertaining in the present crisis. It is the basis for our answer to the problem of still-occupied parts of India and Indonesia; to the problem of the North African colonies of the French imperialists; to the problem of the bloody hunting ground of British imperialism in Kenya and elsewhere; to the problem of the colonies of Stalinism no less than the colonies of capitalist imperialism.

It would be most enlightening to hear a categorical, unambiguous statement of position on the democratic principle put so forthrightly and vigorously in the Bolshevik Proclamation of Peace of 1917 from such champions of democracy as President Eisenhower and Prime Minister Churchill, and from all who side with them in

the world conflict today. It would be no less interesting to hear such a statement from those who claim legitimate descent from the Bolsheviks, that is, the present masters of Russia and their vassals everywhere in the world. And it would be especially interesting to hear a statement on the principle of democracy from democratic leaders like those who head the Indian republic, the British Labor Party, its left wing included, and the American labor movement. Indeed, no effort should be spared to persuade them all,

sooner or later, to speak up, and to the point.

As for us Marxists, we do not hesitate to say: The Proclamation quoted above suits us perfectly. We put it forward today as our own, without reservation, without modification, just as it is, in letter and in spirit. It is a model of a working class program for peace. It is a model of a democratic and socialist program for peace. It links us with a great past. It is the preparation for a greater future.

Max SHACHTMAN

A. A. Berle's Capitalist Revolution

Qualitative Changes in American Capitalism

While Berle's *20th Century Capitalist Revolution** has been loudly criticized by all types of critics as a very shallow and superficial study—one which fundamentally repudiates his basic work on the modern corporation which he wrote together with Means in 1939—it would be a mistake to dismiss his series of lectures as merely a panegyric in favor of the large corporation and state monopoly capitalism. That, of course, it is, but Berle does succeed in raising some very interesting questions even if he cannot provide the answers.

Moreover, in passing and in developing his general thesis, Berle provides some very interesting and useful information. For example, he quotes fairly extensively from a study on concentration of economic power by Professor M. A. Adelman of Massachusetts Institute of Technology, in which it is stated that "135 corporations own 45 per cent of the industrial

assets of the United States—or nearly one-fourth of the manufacturing volume of the entire world. This represents a concentration of economic ownership greater perhaps than any yet recorded in history." Adelman seems to be of the opinion that this is a relatively static situation with little change from year to year. Berle indicates at the end that he is not entirely in agreement. It is clear, of course, from the current merger movement that the situation is far from static.

Berle is concerned with the fact that in most industries: "Two or three, or at most, five corporations will have more than half the business, the remainder being divided among a greater or lesser number of smaller concerns who must necessarily live within the conditions made for them by the 'big two' or 'big three' or 'big five' as the case may be." In other words, no matter what figures are cited, as Berle says, "There will be little dispute, however, with the main conclusion: considerably more than half of all

American industry—and that the most important half—is operated by 'concentrates.' Slightly more than half is owned outright by not more than 200 corporations. This is calculated on the coldest basis—the amount of actual assets owned by the corporations involved."

There is, of course, nothing new in this brief description of concentrated capital accumulation in the United States. What is new is Berle's assertion that progress in the interests of the entire population, not only of the United States but of the world at large, rests upon these 200 private corporations, who are performing a constructive role in helping to organize the entire process of industrial production and distribution. At one point Berle puts it this way: "Mid-twentieth-century capitalism has been given the power and the means of more or less planned economy, in which decisions are or at least can be taken in the light of their probable effect on the whole community." In other words, Berle has discovered state monopoly capitalism and has declared that the assumptions of multiple competing units that were the foundation of Adam Smith and classical bourgeois economics no longer hold true. Consequently, the "judgment of the market place" is no longer—in Berle's opinion—the motive power of the economy.

Berle also performs a useful function in calling attention to the study by the National City Bank on sources of capital accumulation. This study covering the eight years from 1946 through 1953, estimates that a total of \$150 billion was spent for what might be termed capital expenditures, namely, modernizing and enlarging plant and equipment. Sixty-four per cent of the total of \$150 billion came from "internal sources"—that is to say from surplus and depreciation reserves. Of

the total of \$99 billion financed through such "internal sources," retained earnings were by far the largest proportion. Of the remaining \$51 billion, or 36 per cent of the total, according to Berle, one-half was raised by current borrowing, chiefly bank credit. This accounts for about \$25½ billion.

Of the remainder, \$18 billion or 12 per cent of the grand total was raised by issue of bonds or notes. Although half of this amount was probably privately placed, Berle is willing to admit that a large portion of this capital was forced to run the gauntlet of so-called "market-place judgment." The astonishing fact is that "6 per cent or \$9 billion out of a total of \$150 billion was raised by issue of stock. Here, and here only, do we begin to approach the 'risk capital' investment so much relied on by classic economic theory. Even here a considerable amount was as far removed from 'risk' as the situation permitted: without exact figures, apparently a majority of the \$9 billion was represented by preferred stock. Probably not more than \$5 billion of the total amount was represented by common stock—the one situation in which an investor considers an enterprise, decides on its probable usefulness and profitability, and puts down his savings, aware of a degree of risk but hoping for large profit.

"There is substantial evidence, which need not be reviewed here, that this is representative of the real pattern of the twentieth-century capitalism. *The capital is there; and so is capitalism. The waning factor is the capitalist. He has somehow vanished in great measure from the picture, and with him has vanished much of the controlling force of his market-place judgment.* He is not extinct: roughly a billion dollars a year (say five per

*The 20th Century Capitalist Revolution, by A. A. Berle, Jr. Harcourt, Brace and Company, New York City, 1954, 192 pp., \$3.00.

cent of total savings) is invested by him; but he is no longer a decisive force. In his place stand the boards of directors of corporations, chiefly large ones, who retain profits and risk them in expansion of the business along lines indicated by the circumstances of their particular operation. Not the public opinion of the market place with all the economic world from which to choose, but the directorial opinion of corporate managers as to the line of greatest opportunity within their own concern, now chiefly determines the application of risk capital. *Major corporations in most instances do not seek capital. They form it themselves.*" (Italics mine—T.N.V.)

The existence of what is sometimes termed monopolistic competition or oligopoly or any of the other choice phrases used, does not of course mean that capitalists no longer exist. But Berle is correct in pointing out that capitalism has changed its form considerably during the twentieth century, and capitalism has introduced an aspect of planning which was surely not envisaged by Marx or early Marxists.

There is, above all, the role of the state which makes present-day capitalism differ qualitatively from nineteenth or even very early twentieth-century capitalism. Berle correctly points out, for example, that "the development of atomic energy, perhaps the crest of the next great wave in modern development, was not socialist by theory or by design. It was twentieth-century capitalism in respect of which the government played a major part, as it will continue to do."

The role of the state in modern state monopoly capitalism in the United States is not confined to Democratic administrations. There has been no significant change under the present

Republican administration either in fact or in theory.

As a matter of fact, even in Eisenhower's Economic Report to Congress of January 20, 1955, which is devoted mainly to assuring the bourgeoisie that everything is fine and there is really very little to worry about, there is a type of recognition of the role of the state which certainly could not have been present in any official document of the last Republican administration. The economic report, after raising various questions concerning the shortness and mildness of the recent economic decline, implies that the government, *i.e.*, the state, is really the factor that is different in the situation today and basically responsible for preventing a severe depression along classical lines. The report states: "Clearly, many people had a part in stemming the economic decline and easing the readjustment from war to peace. The Federal government also contributed significantly to the process of recovery. It influenced the economy in two principal ways, first, through the automatic workings of the fiscal system, second, by deliberately pursuing monetary, tax, and expenditure policies that inspired widespread confidence on the part of the people and thus helped them to act in ways that were economically constructive."

There can be little doubt that so-called fiscal policy, especially with reference to tax structure, and monetary and credit policy, did enable the state to play a constructive role in so far as helping to maintain general economic equilibrium is concerned. The important word, however, in the passage quoted above is the word "expenditure" for it relates to government expenditures and here we find ourselves face to face with reality. What type of recovery from the so-called recession

of 1953-54 would have taken place had the Federal government not been spending \$50 billion or more per year on war outlays? It suffices to raise the question to realize that none of the platitudes of the theoreticians of the bourgeoisie can begin to cope with the present situation. The economy is maintaining itself and giving an outward appearance of health—although inwardly extremely sick—only because capitalism has entered what we have previously described as the stage of Permanent War Economy.

That is why it is somewhat pathetic to find an outstanding bourgeois economist like Sumner Slichter of Harvard state in the current issue of the *Harvard Business Review* that the old-fashioned business cycle has in effect disappeared. The implication would seem to be that American capitalists have become super-intelligent and can now eliminate depressions. Slichter refers to many points in reaching this rather remarkable conclusion, such as developments in the financing of construction, and the so-called development of individual cycles of different industries. He also refers to the fact that durable goods industries "will at all times have a far higher ratio of unfilled orders to sales and inventories than prevailed in pre-Korean days." One reason for this, according to the *New York Times* of January 23, 1955, is "the defense program . . . [but] . . . even if diplomacy in the next few years succeeds in substantially mitigating the vigor of the cold war, I suspect that the volume of unfilled orders in the durable goods industry will be kept high simply as a matter of national policy."

Slichter continues, according to the *New York Times*, by stating: "In the unlikely event that a large additional drop in defense spending becomes possible, the country will probably offset

the drop in defense spending by a long-term development program." What Slichter is saying, of course, is that the state will continue to support the Permanent War Economy—and if, in the unlikely event that international economic conditions change so as to render socially unnecessary the large-scale expenditures in the means of destruction, then the state will find other types of investments which will help to maintain the economy. Here he is reverting to a theory which he promulgated about 1930-31 which, had he been right then, would have meant that it would have been impossible for mass unemployment to have developed. Slichter is no more right today than he was in the 1930's. The only socially acceptable large-scale state expenditures are those which do not compete with private capital and those which are absolutely and unmistakably essential to the preservation of the capitalist class. Such expenditures, so far, have only been found in the new third category of economic investment, namely, means of destruction. Yet, we should not lose sight of the fact that one of the essentials of state monopoly capitalism is that there is an unusual degree of state intervention in the economy which permits achieving stability, or relative stability, in many cases that could not have previously been attained. Of course, to do this the capitalists must have the support of other sections of the population, particularly of the labor movement. So far this has not been difficult for them to achieve.

WHAT WILL HAPPEN during the year 1955 and into 1956 as the pressure of mass unemployment constantly grows remains to be seen. Already, there are signs that the leadership is being forced to take cognizance of the fact that there are several million unem-

ployed and that these are not people who are superfluous to the normal functionings of capitalism—but who have been rendered superfluous by the very rapid accumulation of capital which, as Marx pointed out, necessarily brings about a certain increase in the industrial reserve army.

Or, as we have demonstrated previously, under the Permanent War Economy the basic Marxism law of accumulation of capital becomes transformed into a relative decline in the standard of living rather than an absolute increase in unemployment—but as we have had occasion more recently to point out, this holds only when there is a steady increase in the ratio of war outlays. At the present time the ratio of war outlays has been declining, if only slightly, so that whereas a year ago it ran around 17 per cent, today it is down to around 15 per cent. The pressures that develop, particularly in basic industries, are apparent in such cities and industrial centers as Detroit, Pittsburgh, etc.

A process of attrition has developed. To revert to our analogy used in our original presentation of the nature and structure of the Permanent War Economy (see Part III, Increasing State Intervention, *NEW INTERNATIONAL*, May-June, 1951, "The restoration of the rate of profit could not be followed by an abandonment of state intervention. On the contrary, like a patient who has recovered from an almost fatal illness solely by taking medicine containing habit-forming drugs, the enduring 'health' of capitalism demands the continuation of the 'habit-forming drug' of state intervention. This becomes obvious as the economy of depression is followed by the Permanent War Economy. There are differences, however. Not only is state intervention more expensive, but it is no longer confined to restoring

the profitability of 'sick' industries. The most decisive sections of capital are subjected to state control and direction, but the reward is the virtual guarantee of the profits of the bourgeoisie as a class."

To maintain the precarious equilibrium that exists, constantly increasing state intervention is necessary. This is a fundamental law of the present epoch of capitalism—the Permanent War Economy. Not even Old Guard Republicans can defy this law and escape its consequences. Thus, we have the Eisenhower Administration talking about a \$100 billion program for road building, and similar measures—most of which will naturally remain confined to paper and which will be trotted out every year around November when elections take place. There will, however, be state intervention in the economy so long as it is within the power of the bourgeoisie to use this new weapon to preserve its own historically outmoded system.

NOT ALL BOURGEOIS ECONOMISTS are as optimistic about the outlook for the economy as a whole as the official prognosticators in Washington. For example, an article in the *New York Times* under date of January 27, 1955 is headlined, "Economists Wary of Business in '55." The sub-headline is even more to the point: "Their Testimony Casts Doubt on Eisenhower's Optimism." There were eight private economists who testified before the Joint Congressional Committee on the Economic Report and not all of them represented the trade-union movement. They all appeared to be worried by what in some quarters is loosely referred to as automation—which is simply a high-sounding public relations word for a process which has been going on for many years—even if it is accelerating now in certain in-

dustries, and results in an increasingly high organic composition of capital. This is inherent in the nature of capitalism and should not cause surprise to those who presumably understand, more or less, how the capitalist system operates. It means that in a situation where business as a whole is good, where the bourgeoisie is making very, very high profits, there could be mass unemployment amounting very easily to a figure of 5,000,000 at the end of 1955. This gives rise not only to much uneasiness within the labor movement and pressures on the labor bureaucracy to do something about it, so that they in turn begin to exert pressure on Washington, but it also gives rise to such phenomena which are appropriate for this period in the form of renewed promises to investigate the "new trend toward monopoly and concentration of economic power." There will be, without question, many types of Congressional investigations in this field. Whether any of them will add materially to the work of the Temporary National Economic Committee remains to be seen, but the *New York Times* of January 24 reports that the sub-committee of the Committee of the Judiciary, in a report submitted by its majority, Senators Langer, Kefauver and Kilgore, stated that their hearings had led them to two conclusions: "(1) That there is a two-pronged drive by private monopoly to destroy public competition in the power business, and that the Dixon-Yates contract is a part of that drive. (2) The Wall Street domination of the power industry has revived many of the monopolistic holding company evils which Congress sought by legislation to suppress, particularly the extension of monopoly control over very wide regions."

Here we have the makings of a great debate which may very well play an

important role in the elections of 1956.

Mr. Berle, however, would answer to all of this that while the large corporation must adopt a conscience comparable to that of the king in feudal days, it is the engine of progress not only in domestic affairs but in international affairs. It is at this point that Mr. Berle, trying to pursue a pre-conceived thesis, becomes a simple apologist for state monopoly capitalism in its most rapacious form, with its justification of the oil cartels and similar international agreements.

He still, however, manages to flirt with important thoughts when he virtually concludes his essay by stating: "Corporations still have, perhaps, some range of choice: they can either take an extended view of their responsibility, or a limited one. Yet the choice is probably less free than would appear. Power has laws of its own. One of them is that when one group having power declines or abdicates it, some other directing group immediately picks it up; and this appears constant throughout history. The choice of corporate management is not whether so great a power shall cease to exist; they can merely determine whether they will serve as the nuclei of its organization or pass it over to someone else, probably the modern state."

Since the power of the state should be kept to a minimum, according to Berle and the traditional liberal philosophy, it is obvious that corporate power must be built up and maintained, but the corporate managers should please have a social conscience so that it would really be true for the former president of General Motors to say that "What is good for General Motors is good for the country."

Sermons are interesting to those who like them but only in their prop-

er place, and an essay on the twentieth-century capitalist revolution is hardly the place for Berle's type of propagandistic sermon. His critics, however, have sufficiently well disposed of him so that we can merely state that there has been a type of revolution in the twentieth century but Berle doesn't understand its nature, its causes or its probable results.

The constant decline in factory employment focuses attention on one of the major problems of American capitalism—and one for which there is no solution in sight. PWE (permanent war economy) or WPA (work relief projects) have actually been the only two solutions that capitalism has had to offer for the last 25 years. An entire generation has grown up and come to maturity which can only know from reading, but never from experience, what the old capitalism was like. This does not make the new capitalism less capitalist, but it does mean that some of its laws of motion and methods of operation are different and require analysis and understanding—especially by socialists.

Symptomatic of danger ahead for the economy, is a most interesting article that was published in the *New York Times* of September 20, 1954. The heading was "Per Capita Output Only 1 per cent Above '47." This is an article by one of the *New York Times'* economic reporters, Burton Crane, and one which is highly recommended to Mr. Berle and to all students of the economy. It is worth quoting from fairly extensively:

Per capita industrial production in this country has dropped so sharply in the last year that it is only 1 per cent above the average rate for 1947. . . .

The question facing the economy is whether industrial production and gross national product can be allowed to fall farther below the normal trend. *Our economy, as observers of all shades of*

political thought have pointed out, works best when it is expanding. Signs that the dynamism had disappeared might discourage investors from risking their capital and dissuade industrialists from expanding their enterprises.

There are warnings that such attitudes may be in prospect. Expenditures for new plant and equipment, expressed in constant dollars and weighted for population changes, in the first half of 1954 were at 113 per cent of the 1947 level. In the two preceding years they had been at 116 and 123 per cent.

What is the normal upward trend in our economy due to growing mechanization and efficiency? *Some economists have set it as high as 3.5 per cent for manufacturing production. At that annual improvement factor, per capita industrial production in 1954 should be at 127.2 per cent of 1947 output. It is at 101 per cent.* (Italics mine—T.N.V.)

The twentieth-century capitalist revolution is thus not so earth-shaking as would appear from Mr. Berle's panegyric. It has not solved the problem of unemployment. Here is one of the essential contradictions of capitalism under the Permanent War Economy where, with attrition setting in, some of the basic laws of capitalism begin to reassert themselves. The economy must constantly grow and expand, at least to the point where it can support the 600,000 to 700,000 new entrants into the labor force each year. This it is obviously failing to do. Moreover, the two prime sources of economic infection, the agricultural crisis and the crisis in consumer durable goods (centering in the automobile industry), clearly remain—with no alleviation in sight. Many factors have been responsible for the rapid increase in population, and it is clear that the Permanent War Economy is intimately connected with this sociological phenomenon. The increase in population in turn, however, gives rise to the very correct analysis of Mr. Crane, quoted above, that only a per capita approach becomes meaningful in ap-

praising the economy, its performance and its outlook. The American economy is simply not suited, nor large enough (on a capitalist basis) to provide the constantly expanding market that is required to sustain an expanding capitalism.

We are, therefore, back where we started and Mr. Berle is at least partially aware of this central problem when he speaks of "*A modern corporation thus has become an international as well as a national instrument.*" And when he observes that, "*The present political framework of foreign affairs is nationalist. The present economic*

base is not. The classic nation-state is no longer capable, by itself alone, either to feed and clothe its people, or to defend its own borders." (Italics mine—T.N.V.)

Here, then, is the central fact of the modern capitalist "revolution." Capitalism has visibly, before our very eyes, outgrown its national framework and must burst this integument asunder in one form or another. The only question that history must still answer is the form in which the capitalist national state will be destroyed and the nature of the political organization that will succeed it.

T. N. VANCE

Rearmament and German Social-Democracy

Protests Offer New Prospects for Social Democracy

In its short span of life, the German Federal Republic has seen nothing comparable to the kind of mass opposition led in recent months by the German Social-Democratic Party (SPD) against ratification of the Paris Treaty. Meetings, demonstrations and strikes, embracing thousands and tens of thousands of workers, young people and middle-class supporters took place throughout West Germany. With the working class as the core and center, a truly popular movement has taken shape under the leadership of the SPD.

What will the SPD do now that the West German Bundestag has approved the law tying the Federal Republic to the American military bloc and permitting rearmament? The leadership of the SPD and its trade union allies have declared they will continue their opposition. The possi-

bility exists of carrying out a delaying tactic on the parliamentary plane over a considerable period of time. Every one of the thirty to forty supplementary bills that must be enacted before an army can be set on foot can be contested.

While such a tactic would hamper and delay rearmament, what the Adenauer regime fears is that the SPD will not confine its opposition to the parliamentary arena. Should the SPD continue to encourage and call for mass protest against the policies of the regime, the Chancellor would face his greatest challenge. The regime would be compelled to enter into direct conflict with the organized working class to break its resistance to conscription.

ON WHAT GROUNDS will the SPD justify its continued opposition? It can only defend itself by asserting, and

correctly, that the formal parliamentary process does not accurately reflect the wishes of the majority of the West German people; that the protest meetings, demonstrations and strikes have a greater significance than any show of hands in the Bundestag.

It can call for a general plebiscite or for a dissolution of the Bundestag, and new elections, but the SPD leadership knows that Adenauer will not grant the first, and the Basic Law makes the second impossible. It can only ground its action on what is happening in the factories, in the meeting-halls and in the streets outside parliament. But this approach would repudiate its long-proclaimed devotion to the idea of "fair play" and the "rules of parliamentary democracy." How far the SPD leadership will go along this road is another question.

By its display of militancy, by its turn to the left, the Ollenhauer party leadership has surprised not only the outside world and the Adenauer regime, but itself as well. It has also provoked dismay among certain sections of the party leadership on the federal and local level who are threatening to rebel against the line the SPD is following. So far their defiance has been limited to words, but their temper is indicated by a lack of elementary loyalty in the midst of the struggle. In the heat of the political battle, when the party was calling upon workers to demonstrate by the tens of thousands, these leaders chose to vent their ill-concealed displeasure to the first available newspaperman.

On January 13, the *New York Times* correspondent reported that Wuhelm Kaisen, President of the Bremen Senate, had said the Social-Democratic Party's placards against the Paris Agreements "should not be taken too seriously."

The same dispatch reported that Dr. Hermann Knorr, a Social-Democratic deputy in the Baden-Wuerttemberg state legislature, had declared, "We here in Southern Germany will not go along with the stubborn Ollenhauer course."

The course the Right-Wing seeks was best expressed by its outstanding theoretician and spokesman, Dr. Carlo Schmidt, member of the SPD Executive Committee and vice-president of the West German parliament. Schmidt simply said that "the SPD would recognize the Paris agreements once they had been ratified."

The Right Wing is disturbed by the present course of the Ollenhauer leadership because it regards any further struggle for national reunification as utopian, and the neutralist cry for "more negotiations" as worse than useless. It believes the German question is only one part of the great issues which divide the two world blocs, and that these issues can only be resolved in favor of the "West" by a policy of "negotiating through strength."

But important though the question of foreign policy is, it remains but one point in the over-all program of the Right Wing in the SPD leadership, of the Carlo Schmidt's, the Kaisen's, the Suhr's. This program, which we shall examine in some detail further on, can be summed up in one phrase: the liquidation of the SPD as a working-class party.

THE ELECTIONS OF SEPTEMBER 1953 marked a turning point in the post-war history of the German Social-Democratic Party. The SPD leadership entered the contest confident the party would improve its position and bargaining power. While they did not expect the party to win a large enough majority to permit it to rule

alone, they did anticipate it would increase its parliamentary strength to the point where Adenauer could no longer ignore it, and would be forced to draw the SPD into the government as a coalition partner. The era of true parliamentary democracy would then begin, resting on the cooperation of the two major parties in the Federal Republic.

Instead of a moderate victory proportionate to their moderate hopes, the SPD suffered a radical and crushing defeat. The percentage of votes cast for the SPD remained practically the same as in the election of 1949, dropping from 29.2 percent to 28.8. In absolute figures, the SPD had increased its support by roughly one million. But about six million more people voted in 1953 than in 1949, and Adenauer's Christian Democratic Union (CDU) had increased its vote by five million. The disastrous fact was that the SPD had been unable to attract the majority of new voters or to split away any of Adenauer's followers. Again it had failed to overcome the limit of the 30 per cent of votes traditionally cast for the Left. So it had been in the Kaiser's time and under the Weimar Republic as well.

From a parliamentary point of view, the SPD position was now hopeless. The CDU had gained an absolute majority in its own name and together with its coalition partners wielded the two-thirds necessary to bring about any vital changes in the Basic Law it desired without any hindrance from the SPD. And this meant, first of all, linking the Federal Republic to the American military alliance and rearmament. The SPD no longer disposed of the one-third of the seats in the Bundestag that were necessary to block Adenauer on critical issues.

The ranks of the leadership and the

party were shaken by this unforeseen rout. The crisis had arrived and the soul-searching began. Articles, manifestos and speeches dedicated to criticism of the party's course began to appear in modest number; and their character indicated that the defeat had crystallized a new tendency in the SPD; a Right-Wing emerged with a coherent and aggressive program of its own.

The Right-Wing threw a merciless light on the condition of the party. From a brilliant beginning in the chaos that marked the end of hostilities in 1945 to the peak of 1948, the party had grown by leaps and bounds reaching a total membership of more than 800,000. From 1948 on, the party had entered a state of decline. By 1952, the membership had fallen to 650,000; and in 1953 it had sunk to 610,000.

The fatal inability of the party to attract the younger generation was mirrored in the predominance of the older age groups. In 1952, the percentage of members under 35 came to 13 per cent, those under 45 to one-third. The number of party members over 55 accounted for 42 per cent of the total membership. The SPD was a party of old people.

The party, said the Right-Wing critics, was manifestly unable, with its traditional program directed to the workers, to win the electoral support it needed if it wanted to leave the sterile benches of the opposition and take part in the government. It was time to have done with an over-aged program that satisfied an over-aged membership, and condemned the party to live forever in the spirit world of the future.

THE PARTY WAS IN TROUBLE, said the Right-Wing critics further, because the program was completely outdated

and therefore wrong. Marxism had been ersatz religion for a terribly exploited proletariat in the 19th century and had given it both self-respect and hope in an indefinite future. But a political party nowadays had no business promoting a "weltanschauung" and competing with philosophy and religion. Besides it was silly to talk about a "proletariat" when everyone could see the modern working-class no longer conformed to Marx's description and that there also existed totally new classes that had to be taken into account—the modern white collar and professional groups who bulked larger and larger in the economic and political life of modern society.

It was silly to talk about the class struggle when the main danger came not from the dispossessed capitalists, but from a new elite of managers and the state. And to condemn capitalism out of hand, to renounce all the benefits of the competitive workings of the market and free enterprise was as unrealistic as it was wrong. The Russian example had shown that to call for total socialization and planning was dangerous. The complete statification of property could only lead to a totalitarian dictatorship. In fact, it was necessary to see to it that every citizen owned a piece of property so that he could safeguard his "independence" and say "no" when necessary to the ruthless power of the modern state and big business.

The conclusions of the Right-Wing were consistent, if not surprising: cleanse the program of the Marxist remnants, cast off the old banners and old loyalties; turn the SPD from a workers party into a "people's party."

The response of the Ollenhauer party leadership to the attack from the right was firm indeed. Ollenhauer, Mellies, Erler, Eichler, and the

rest of the top leadership declared the Social Democratic Party would neither renounce its Marxist heritage, repudiate its Socialist future nor cut itself off from its working-class base. The Social Democratic Party had been, was and would remain the party of the German working class. And as the Party Expert on Philosophy, Culture, and the Pure Ethics of the Spirit, Willy Eichler, said at the Berlin Party Congress: "But it is true and remains true that not only at the very beginning of the struggle for emancipation but today as well, the workers constitute the core of the Social Democratic voters and fighters.

The party leadership, however, found itself in a somewhat embarrassing position. What it defended so vigorously in the abstract, it had already half-surrendered in the concrete. The Right-Wing for example, wanted as little socialization as possible. But the party program had already made a significant retreat in this respect and only called for the nationalization of the coal and steel industries.

The Right-Wing opposed total planning, but the party leadership had invented a brilliant slogan: "Competition to the degree possible, as much planning as necessary." The implication being plain that competition was a positive good and planning a necessary evil. What a far cry from Kautsky's forthright posing of the question in 1920. Kautsky wrote, "Our real aim is to abolish exploitation. If socialization of the means of production cannot accomplish this, then we must throw socialism overboard in order not to endanger our goal." While the bourgeoisie proclaims the German economy to be a "social market economy" the SPD leadership calls for a market economy somewhat socialized and offers an economic program that comprises a gen-

erous mixture of Keynesian measures of money and credit control. Not Socialism, but an American New Deal model economy is proposed, geared to full-employment with constantly rising productivity.

The theoreticians of the Right have sharply criticized the sterile "nationalism" of the party program and called for a return to the party's tradition of internationalism. By this they mean SPD support for German participation in the various European economic and political groups which came into being after the war.

One of Kurt Schumacher's real contributions to both German Socialism and international Socialism was to expose the Schuman plan for the Coal and Steel Community as a super-cartel. Every criticism he launched before its inception has been proven correct since it came into existence. However, so eager was the group that inherited leadership of the SPD from him to prove their constructive approach on all questions, that they brought the SPD into the pseudo-parliamentary institution of the Coal and Steel Pool.

The Two Groups Measure Strength

IN THE CAREFULLY restrained discussion that began after September, 1953, and is still going on between the SPD leadership and its Right-Wing critics, each group had its own particular polemical advantages. The "liquidationist" theoreticians could rest their case in the immediate post-election period on the demoralization of the party and the socialist-dominated trade union ranks. Their arguments were consistent and thought out, and they seemed to promise a way out of the blind alley in which German Social Democracy had landed.

The superiority of the leadership lay, first of all, in its control of the

party apparatus and the absolute authority it wielded. In the entire period that followed the reconstruction of the party in 1945, no opposition group either of the right or the left had been able to put in an appearance.

The second advantage of the Ollenhauer group lay in the loyalty of the membership to the tradition of the party. But this was not an altogether blind, conservative loyalty. Whoever reads carefully the minutes of the Berlin Party Congress held in July, 1954, will find amid the strong half-neutralist, half-pacifist sentiments, a considerable sprinkling of democratic, socialist, third-camp opinions. What binds all of these individuals and loose tendencies together is a conviction that the link between the party and the working class cannot and should not be broken.

The third advantage of the leadership lay in its ability to defend its position or lack of position with words while it makes a tactical retreat before the onslaught of the opposition. The reformulation of the party's position on rearmament at the Berlin Congress is the best example.

There is not much that divides the leadership, as we have just seen, from its critics in terms of immediate perspective and day-to-day activity. Both are united, too, by their unconditional devotion to the processes of parliamentary democracy as the *only* instrument of social and economic reforms. But while the Ollenhauer group presents its program of piece-meal reform in the party's tradition, the Right-Wing prefers the more fashionable language borrowed from Keynesian economics, modern sociology and the American New Deal.

WHAT DOES DIVIDE the party leadership from its critics is the question of

the character and role of the party. The opposition does not believe the SPD will ever be more than a minority party, supported by the traditional "30 per cent" of the votes so long as it appeals primarily to the workers. To break through this barrier, to win an electoral majority, the Right-Wing seeks a broad coalition with the liberal wing of the bourgeoisie, the left wing of the religious bloc, and the new white collar classes. In brief, it wants to create a loose, vote-gathering machine along the lines of that well-known "people's party," the American Democratic Party.

But to attract these groups, it believes the party must first eliminate from its program anything that offends the prejudices of its prospective allies, speaks of conflict between the classes or assigns to the working class a leading role in an inevitable struggle to reconstitute society. And even in the slow crawl toward some vague form of the welfare state, the working class can claim no superior status.

"Being," said Marx, "determines consciousness." And in this instance what the Ollenhauer group is primarily defending from the vigorous onslaughts of its critics is not so much a program as the material source of its power and prestige—the party. It resists and will continue to resist any and all efforts to liquidate the SPD as it is now constituted. To be sure, the defense is carried on instinctively, blindly and without an awareness of where the struggle may lead. And for the time being, its very narrowness of vision, so bitterly (and correctly) criticised by the opposition, is a source of strength.

What will be the outcome of the struggle that has just begun inside the SPD? Part of the answer lies in the fortunate fact that not everything depends on the bureaucratic, routine-

minded party leadership. It is more object than subject of the situation with which it is confronted. The sudden shifts and turns in world politics, the increasing aggressiveness of its own bourgeoisie, and the mood and temper of the organized West German working class outside the party, that is, in the trade unions, will play an important part in shaping the direction the SPD takes.

The role of the trade unions is exceptionally crucial to the party's future, for in a sense, they are playing the part of the left-wing that is absent from the debate inside the party. The revival of the German working class which began in the summer of 1954 was in its entirety the handiwork of the trade union leadership, not of the SPD. And the developments since then, political as well as economic, are only in large part due to the drive, militancy, and boldness of the younger trade union leaders.

The SPD defeat in the elections of September, 1953, was a crushing blow not only to the party but to the trade union movement as well. The first consequence of the Adenauer victory was the attempt by some Catholic and Protestant trade union leaders, loyal agents of the regime, to wrest control of the German Trade Union Federation (DGB) from the Socialists. This sudden assault was accompanied by threats of a split if the demands of the religious faction were not met.

Thanks to honest and loyal left-wing elements among the religious trade unionists who refused to support this attempted coup, the DGB was able to repel the attack. But there were other serious consequences of the bourgeois victory at the polls.

In the last half of 1953, the membership of the DGB began to decline rapidly even though the labor force was expanding. The response of the

central trade union leadership was to persevere in its policy of class collaboration as if nothing were wrong. At the beginning of 1954, the DGB Executive Board announced that it would not seek wage raises for the workers in order to safeguard Germany's competitive position in the world market!

At the beginning of August, however, the action of the Bavarian Metal Workers Union set off a tremendous strike movement that was ultimately to embrace more than four million of West Germany's six million organized workers and employees by the middle of September. The aim of the strikes were strictly limited to the economic sphere, to modest wage raises. Nevertheless, they announced a silent revolution; an important overturn had taken place inside the leadership of the DGB.

The Executive Board of the DGB is composed of the officials who run the Federation and the heads of the 16 individual unions that make it up. Whereas the apparatus of the Federation was firmly in the hands of the conservative older generation exemplified by such men as the late Hans Bockler, its first chairman, Christian Fette, his successor and Walter Freilog, its present chief, the heads of the separate trade unions are younger and more militant.

It was a bloc of these younger leaders, headed by Brenner, a co-chairman of the metal workers union, the largest and most powerful group in the Federation, who forced their program on the leadership of the Federation.

The overturn was formalized at the DGB Congress in October when the Federation passed from purely economic questions to political issues. Whereas the DGB had previously abstained from taking a position on German rearmament and EDC, the

now dominant younger militants proposed that the Federation come out against rearmament, against EDC, enter the political arena and join the SPD in an earnest fight for reunification of the country. The program of the younger leadership won enthusiastic support from the congress delegates, not only socialists but left-wing Catholics as well.

A well-informed and brilliant German writer, Richard Petry, author of the best study of the SPD from 1945 to the present yet to appear* has given us some indication what these young trade union radicals are like. He writes:

Out of the spontaneous protests of the workers against the declarations made by Fette and Hoff favorable to remilitarization, a small group of radical socialists in the Bavarian trade unions developed in January, 1952, a real program of decisive socialist neutralism. At the last moment the initiators—confronted by the incapacity of the SPD and the immobility of the DGB bureaucracies—retreated before defeat. Only a few know, how close the Federal republic was then to a revolutionary strike movement. It was the only attempt of its kind, made during the period of Adenauer's first time as Chancellor, that was based on socialist means and had socialist aims. The SPD had not the slightest part in it.

Petry's description of the young trade union leadership has been confirmed by subsequent events. The alliance between the trade unions and the SPD, with the trade unions taking the lead, was effected after the DGB Congress in October, 1954. From that time date the great mass demonstrations against remilitarization.

Petry explains that the more radical socialists abandoned the party as a field of work because of the unen-

*In the September, 1954, issue of *Frankfurter Hefte*, Left-Catholic monthly, edited by Eugen Kogon and Walter Dirks.

urable oppression of the bureaucratic leadership. It was impossible to organize any groups around a program, and just as impossible to present any program to the membership for discussion. The left wing which does not exist inside the party has found its place inside the trade union leadership, and has been exerting its influence on the party from the outside.

As far as it goes, this interpretation is certainly a correct one and this is not the first time that the trade unions have stood to the left of the party at critical junctures in history. We have an illuminating precedent from the early years of the Weimar Republic.

In the Spring of 1920, the army officer caste broke its alliance with the Social Democratic government of Ebert-Noske and attempted a rebellion. Having crushed the Spartacists and the Bavarian Workers Republic with its Social Democratic partners, it decided it could now dispense with the latter's services. When Ebert-Noske appealed to one section of the officer caste to defend the Weimar Republic against another section, their plea was rejected. While the Social Democratic government fled from Berlin to Dresden, the German Trade Union Federation prepared to defend the democratic republic. Under the leadership of old Carl Legien, a true, conservative trade unionist, the Federation prepared for a nation-wide general strike. (It was this same Legien who had once said "a general strike is general nonsense.") The general strike succeeded in smashing the officer's conspiracy, which has entered history as the "Kapp Putsch." Having saved the Weimar Republic, Legien turned on the Ebert-Noske government with a set of radical demands which he backed with the threat to continue

the general strike. He wanted the semi-military police troops and the government cleansed of all anti-democratic elements and insisted that the workers be given a larger share in the economic and political life of the country. At the same time he attempted to build a left wing political coalition that would oust the Ebert-Noske clique which he now held in contempt.

What is relevant in this historical parallel is not why Legien failed, but the nature of his response to the threat from the German officers caste. To defend bourgeois parliamentary democracy he was compelled to resort to the revolutionary method of a general strike. And the conclusions he drew were equally relevant. Democracy as a form of government could only be guaranteed if the workers played a decisive role in every sphere of industry and government.

WITH THE HISTORY of Weimar behind them, is it any wonder that the trade unions have been galvanized into action by the imminence of remilitarization under the reactionary Adenauer regime? The closer the day approaches when an army is set on foot the more aggressive the bourgeoisie becomes. The bourgeois "restoration" is entering a new and dangerous stage. The statement made by the managing director of one of the big steel firms toward the end of January is a sign of things to come. According to this typical, unrepentant representative of the German bourgeoisie, co-determination in the steel and coal industries had been forced from the Bonn government by the "brutal threats" of the trade unions.

Behind this statement was a calculated preparation for a future struggle. The German bourgeoisie is seeking to escape the annoyances of co-

determination in coal and steel by turning over essential managerial functions to holding companies. The trade unions have been pressing for an extension of the co-determination law to these companies. If they fail to see that an effective law is passed, the bourgeoisie will succeed in restoring its power, unrestricted and undivided, over the coal and steel industries. The one great advance made by the working class in the post-war period, a necessary if not sufficient condition for a transformation of German society in a socialist direction, will have turned out to have been a mirage. And if the bourgeoisie can take back one concession, what is to prevent them from taking back others? The only guarantee the workers have against this danger is to bring the power of their class to bear in a massive struggle that cannot remain defensive in character nor be limited to the economic sphere.

IN THE 1953 ELECTIONS the SPD lost the power to check the Adenauer regime by purely parliamentary means. The regime now had the two-thirds majority in the Bundestag necessary to revise the constitution of the Federal Republic and bring about remilitarization once the stage was set by French approval. Little did it matter that such a move violated the national interest and the desires of the German people.

The 1953 defeat and its consequences were the price the present party leadership paid for all the ambiguities implicit in the organization and outlook it inherited from the late Kurt Schumacher. Schumacher's reconstruction of the SPD deserves recognition as a tremendous achievement, but the blessings that resulted from his leadership were somewhat mixed.

He saved the SPD from being swallowed up by the Stalinists in the immediate post-war period. But the same anti-Stalinism came to serve the party leadership as a blunt instrument with which to hammer down any incipient opposition. Even worse, it degenerated into a vulgar rationale for class collaboration and support of American imperialism. The Berlin right-wing group has elaborated its crude anti-Stalinism into a theory that sees a common bond between capitalists and workers because the interests of both are threatened by Stalinism. In the face of totalitarianism, the class struggle ceases to exist!

Having meditated in his bitter years of imprisonment in Hitler's jails and concentration camps the reasons for the Weimar debacle, Schumacher came to the conclusion that never again would the working class movement permit the reactionary bourgeoisie and its fascist hirelings to champion the national cause. But correct though this identification of class and national interests in the period of occupation was and remains, it was never supplemented by any positive program of internationalism. And the charge of the right-wing critics was correct, it remained negative in character because Schumacher never linked the fate of Germany with the creation of a democratic and united Europe. Although he paid lip service to the idea, it was never an essential ingredient of his practical politics. The idea of a union of West Europe, independent of both blocs and strong enough to withstand their encroachments, remained an abstraction.*

*Not all the blame rests with Schumacher. The failure of the British Labor Party to take the initiative, while it was in power, to create an independent Western Union was a serious set-back to the realization of this idea in the realm of practical politics. Raymond Aron, the conservative French writer, has commented bitingly on the provincial outlook of the British Labor Party and dubbed it true "national socialism."

Schumacher wavered between two irreconcilable policies, both fatal to the realization of an independent West European federation, and equally a denial that the German working-class could pursue an independent socialist policy supported by, as well as supporting, the strivings of other West European socialist and working-class parties. At one time Schumacher would appeal for the impossible: to have the irreconcilable powers agree to negotiations and mutually underwrite the security of a neutral and unarmed Germany. On alternate occasions, Schumacher would speak of the ties that bound Germany and the SPD to the "free West," implying that a united Germany would find its natural military and political allies in the American-led bloc.

Because Schumacher was a superb tactician, he could shift from one position to the other without drawing attention to the contradictions between them. But the less gifted Ollenhauer and his colleagues have moved from one policy to the other clumsily. Earlier, we cited the resolution adopted at the Berlin Party Congress. This vague, shapeless formulation is a confirmation of the stylistic law that content determines form. To be simultaneously for a "neutralized" Germany, detached from both camps and for an alliance with the West is not serious politics. But to do justice to Ollenhauer, it was not he who originated this Janus-faced outlook, but Kurt Schumacher.

Schumacher restored the party, but he saddled it with a narrow-minded and rudderless leadership. The SPD, says Petry, was "stamped out of the ground" by Schumacher. In the chaos that followed the cessation of hostilities, there was no time to wait for the masses to revive, to shake off their

apathy and build the party from the bottom up.

The positive side of Schumacher's work was that he repelled all attempts by right-wing elements to create a "people's party" and built the SPD on a sound working-class foundation. The negative side was that Schumacher built the party from the top down, creating a highly centralized apparatus. But neither Schumacher nor the pre-war bureaucracy he had restored showed the slightest desire to relax their hold on the party once the period of chaos and primitive struggle for sheer survival had receded into the past. On the contrary, the process of centralization was carried still further, and in 1949, the number of party posts and units intermediary between the center and local units was reduced. More and not less authority was concentrated in the hands of the central apparatus, and the ability of the lowest units to influence the top through their pressure on the intermediary and local leaders was further diminished.

So conspicuous is the heavy hand of the party bureaucracy that in the two most important studies of the SPD, one by Klaus-Peter Schulz, a well-known right-wing Social-Democratic journalist who participated in the underground movement against Hitler, and the left-wing criticism we have referred to by Richard Petry, agree on this one point: the ruling party leadership has discouraged rank and file independence and initiative, frowned on any attempt at a free discussion and acted roughly at the first sign of formal opposition, above all from the left.

Both writers point to the fact that no serious discussion of party program, or the absence of one, was ever initiated, and that the German Socialist Party with its proud tradition of

theoretical publications of the highest order did not even have a theoretical magazine until August, 1954, when the first issue of *Die Neue Gesellschaft* put in its appearance.

TO EXPLAIN THE AMBIGUITIES and contradictions in Schumacher's political ideas and his attitude toward the role and nature of the party it is necessary to present a brief historical review. Here Richard Petry can serve as our guide in explaining the riddle of Kurt Schumacher.

Petry explains that Schumacher was a socialist in the Lassallean tradition, and in line with his bourgeois, Prussian background had an exalted notion of the state. As a young man writing his doctoral thesis in the immediate aftermath of World War I Schumacher had taken as his subject, "The Struggle in German Social-Democracy Over Concepts of the State." In it the young intellectual had written, that Marx's notion of the state was in contradiction to that of Lassalle's, which derived from Hegel and Fichte. "Lassalle," he wrote, "saw in the denial of the state a liberal, bourgeois element. The political development in Germany contributed to the retreat of the Lassallean notion of the ethical and political necessity of the state in favor of the colder and more negative attitude of Marx." What is of interest to us here are the practical reasons which separated Marx and Lassalle and not the high-flown abstractions with which the young Prussian intellectual operated. Marx advocated a revolutionary alliance with the liberal bourgeoisie to bring about a national state. Lassalle, who had nothing but contempt for the craven German bourgeoisie, sought an alliance with the Prussian state against the bourgeoisie in order to bring about the same result. This same

Prussian state, in the course of its struggle to unify Germany would be forced to make great concessions to the working class. For Marx, reforms and social change would be won from below; for Lassalle, given from above.

The synthesis of workingclass and state could only be achieved if the socialist movement adopted a "positive" attitude toward the state. The historic example Schumacher gives of what he considers a "positive" attitude toward the nation and its state is of the highest interest. He wrote:

August 4, 1914 revealed the tendencies and currents inside the party, in which that of a positive attitude toward the state showed a tactical and responsive dominance. However, it could not be developed because of the practical policies of the existing state . . . the specific circumstances of the collapse strengthened pure class feeling at the expense of the interests of the state.

The consequence was, wrote the young Schumacher, that the synthesis between state and class was not achieved. And without the identification of class and state, of class interest and national interest, the premise for a successful struggle to achieve socialism did not exist. The pre-World War I program of Social-Democracy, with its abstentionism from practical politics and its vague internationalism, which alienated the middle-classes, ended in failure.

To this first ingredient of Schumacher's early outlook must be added a second, his absolute devotion to democracy as an instrument of social change. Just as he preferred Lassalle to Marx, so he accepted the French and rejected the Russian Revolution. The democratic and national ideals of the first were universal and timeless in their application; those of the latter, local and limited to a specific time and place. There was no such thing

said Schumacher, as either bourgeois or proletarian democracy. There was just democracy, and what it became depended on the insight and power of the workers.

On the basis of Schumacher's early ideas, Petry has described him as a 19th century revolutionary national democrat misplaced in the next century. However, one must not take the ideas of the young Schumacher too literally in explaining the keen practical older politician. Petry comes closer to the truth when he also describes Schumacher as a "revolutionary reformist."

STRIPPED OF THEIR Lassallean dress, Schumacher's ideas could be reduced to three points: the belief that the workers could and should try to win power and introduce socialism through parliamentary means; a program based on this perspective that committed the SPD to actual participation in the political life of the country; the identification of class and national interests.

What he criticized in pre-World War I Social-Democracy was first of all its lip service to revolution while it practiced political abstentionism; and secondly, its vague internationalism which alienated the middle-classes. To win power along the parliamentary road, Social-Democracy had to take a positive attitude toward the state and win the middle-classes to its support by espousing legitimate national interests.

Schumacher was a reformist, not because he believed in the peaceful and democratic transformation of society, but because he renounced beforehand the idea that a revolutionary struggle to win state power might be necessary. And this political perspective determined the bureaucratic nature of the party he built, not merely his Prus-

sian origins and his harsh temperament. A party that sets out to conquer the state along the parliamentary road does not lead, but represents the masses. And such a party, intent on parliamentary routinism, has no need to prepare the masses for a long and protracted struggle. The party and its officialdom acts for and not with the workers.

However, Schumacher was not just an exceedingly gifted tactician and leader on the pure reformist model. He had not lived through the tumultuous early days of the Weimar Republic and its final hours of shipwreck for nothing. The willing surrender of the bourgeoisie to Hitler confirmed his Lassallean contempt of the class, and the cowardice of the Social-Democratic leadership was something he might never openly criticize but was to remember. It taught him to be wary of political alliances which would reduce the working-class to impotence.

Like Carl Legien, the conservative trade union leader, he learned that revolutionary action might be necessary to defend the democratic republic. And only the workers could and would defend it from its enemies. To forestall such attacks, it was necessary to do more than merely adapt to the existing forms of economic and social power. In the hands of the bourgeoisie they could be turned against the democratic state. The working-class had to strive not only for political power but from the very beginning deprive the reactionary bourgeoisie access to the levers of economic and social power. The premise for this program was the reconstruction of the workers party. Co-determination in coal and steel was not to be an empty slogan. With these ideas began his post-World War II political activity. If the SPD was built from the

top down, nevertheless it was built solidly on working-class foundations. The faint-hearted, those who had lost hope, the liquidationists, who wanted to build a diffuse "people's party" from the very first hours found no sympathetic hearing from Kurt Schumacher.

Schumacher's Right-Wing critics were to attack his negativism. And this is perhaps the chief complaint in the polemical and well-thought out pamphlet written by Klaus-Peter Schulz. Surely, this is the most ironical of charges that could be made against Schumacher, the Lassallean, with his "veneration of the state," who found in it, like Fichte and Hegel, an independent value and worth.

In his relations to the allied occupation powers and the Adenauer-ruled CDU, Schumacher was guided by an infallible political instinct. As he explained on more than one occasion in the early post-war days to party conferences, he was perfectly ready to enter a coalition with the "Center" as he called the Catholic CDU, in order to collaborate and win the left-minded segments of the middle-class. But he also explained that it would be folly to enter a coalition with elements who were separatist-minded (a reminder of Adenauer's post-World War I activities) and to enter a government that had no power and was at the mercy of the whims of the occupation authorities.

It is not true that Schumacher refused to enter into coalition with the victorious Adenauer after the elections in 1949. What decision he would have made will never be known since Adenauer settled the matter once and for all by stating flatly that a coalition between the CDU and the SPD was impossible. The young Schumacher

*Sorge Um Die Deutsche Linke.

had rejected Marx's notion that the state was the instrument of the ruling class. Adenauer acted as if he had learned this Marxian wisdom in his infancy.

What was negative in Schumacher's politics was the kind of opposition in which he engaged. The struggle of workers for national reunification, for genuine democracy, for economic advances, all of this was transformed, with rare exceptions into a parliamentary duel between the ironic magnificence of Schumacher and the wily maneuvering of the Chancellor. What Schumacher set in motion was his own rhetoric, not the masses. He could pin the Chancellor down neatly and cause a parliamentary scandal by describing him as the "Chancellor of the Allies," but his personal eloquence was not enough to dislodge the wily bourgeois politician or swerve him from his domestic course of restoration and his foreign policy of attaching the Federal Republic to the American bloc.

What was a political weapon in Schumacher's gifted hands became a source of complaint for his mediocre heirs. Schumacher never deplored the fact that Adenauer had excluded the SPD from access to the levers of political power on the Federal level. He simply referred to this refusal to collaborate as one more proof of the regime's undemocratic nature. And besides, how could one accept Adenauer's foreign policy?

With Ollenhauer, the SPD entered the era of undignified lamentation. Not irony, but pathos; not even a parliamentary attack, but righteous sorrow. In his report at the Berlin Party Congress, Ollenhauer cited the Chancellor's undemocratic behavior in ignoring the election results in the state of Nordrhein-Westfalen. On grounds of foreign policy, Adenauer had for-

bidden the local CDU to grant the SPD a share in the state government. We are not disappointed, continued Ollenhauer, we Social-Democrats of Nordrhein - Westfalen, because we have been denied some ministries. "I refer to it because it is our conviction that it would have been infinitely better for the cause of a stable democracy if the Social-Democrats and the CDU had formed a coalition regime, pursuing socially progressive policies."

Still, Ollenhauer was Schumacher's pupil and had learned from him that the SPD must and should participate in the work of the state. And if collaboration could not take place on the Federal level, it could be pursued on the local. The pupil was crude, but at least he was consistent with the teachings of his mentor. It was during Schumacher's leadership that this form of political schizophrenia began: consistent opposition on the federal level, class collaboration on the local.

With Adenauer's victory in 1953, the position of the SPD was clarified. It was not only powerless in the Bundestag, but wherever possible Adenauer was pushing it out of the state and local coalition regimes. The choice before the Ollenhauer leadership was plain: either capitulate completely or turn to the extra-parliamentary arena to continue the struggle.

And unless it continued the struggle the prestige and authority of the party leadership was not only threatened from without, but from within.

IN HIS ARTICLE on the SPD, Richard Petry remarks that the failure of the party to win a majority of the voters was not inevitable. Between the alternatives of parliamentary debate and civil war, says Petry, there is another possibility: a real popular movement against rearmament that would have had at its disposal a variety of means: from mass meetings, through strike demonstrations to a peaceful, if illegal poll of the population in the states and localities under social-democratic administration.

But this is just the direction the SPD, pushed by the trade unions, has taken in the past six months; and because of it, has begun to win the ardent support of the youth and ever-larger sections of the middle-class. Under such conditions of mass struggle, it is impossible for a bureaucratic party leadership to outlaw rank and file initiative, discussion, and participation in formulating program. The possibility that a revolutionary left-wing can take shape in the party becomes a real possibility, and with it the possibility of a parallel transformation in German social-democracy.

Abe STEIN

The Rich Get Richer

Eisenhower's Program: Tax Relief for the Wealthy

The Internal Revenue Code of 1954 (H. R. 8300) became law on August 16, 1954. This new Code follows in the new tradition of the "give-away" which commenced with the tidelands oil deal. However, in this instance, the Democrats did not

try to make any important changes except to increase personal exemptions. After this attempt failed they went along with the "give-away" of \$1,363,000,000 annually—most of it to corporations and wealthy individuals.

Here is how it was done.

Tax Benefits to Individuals

(1) Taxes on dividends received from domestic corporations were reduced by allowing an exclusion of the first \$50 of dividends received and a credit against the tax payable of 4 per cent of the dividends received. A single man whose entire income for 1955 consists of \$50,000 from dividends would reduce his tax bill by \$2,035.50. Obviously, this provision is intended to benefit primarily those individuals with large incomes from dividends. This may explain, in part, the recent rise in price of blue-chip stocks. The new tax law makes dividends more attractive than bonds to an investor such as our hypothetical individual, since under the new law a 5 per cent dividend is equal to 5.7 per cent interest on a taxable bond insofar as net after tax proceeds is concerned. It is estimated that the total tax cut on dividends will amount to \$204 millions in 1954 and \$363 millions each year thereafter.

(2) Children earning \$600 or more per year may still be claimed as dependents if the parents contribute more than half of the child's support. The U. S. Department of Labor reports that the average factory worker earns approximately \$72 per week or \$3,744 per year. If this average worker's son earned \$600 and there were four members in the family the father could not claim him as a dependent:

| | |
|----------------------------------|---------|
| Father's income | \$3,744 |
| Son's income | 600 |
| Family income | \$4,344 |
| Average—\$4,344 divided by 4.... | \$1,083 |

Since not more than \$1,083 is required to support the son, and the son earned \$600, obviously the father only contributed \$483, less than half, and he would lose the exemption for the son.

But this section is a boon to wealthy taxpayers. The earnings of the child

are not restricted to income from employment but include income from dividends, interest, rents, oil wells, etc. A married taxpayer, with two children aged 3 and 5 (upon whom thousands of dollars per year may be lavished in the form of nurses, governesses, etc.), who has a net income of \$100,000 per year can make an irrevocable gift of property, producing an income of \$1,000 annually, to each of his children. Under this new provision on dependents he would save \$1,380 a year in income taxes:

| | |
|--------------------------------------------------------------------------|---------|
| Tax on \$2,000 of income in father's bracket | \$1,440 |
| Tax on each \$1,000 of income in child's bracket—for both children | 60 |
| Net tax saving | \$1,380 |

Note — the irrevocable gifts would also result in substantial savings in estate taxes upon the death of the parent by removing the property from the parent's estate at a small cost in gift taxes.

(3) Retirement income (taxable interest, rents, dividends and annuities) to the extent of \$1,200 for persons over 65 is subject to a new credit against the tax computed at the lowest bracket rate. For 1954, that would be \$240. The credit must be reduced by social security pensions, railroad retirement benefits, veteran's pensions and, for persons under 75, income from wages, compensation, profession or business in excess of \$900 a year.

Example: A lawyer and his secretary for the past ten years (both 65 years of age) retire at the beginning of 1954. He has income from rents of \$10,000 a year so he comes under the new provision and his tax is reduced by \$240. She received \$500 a year from social security. If she has income from interest of \$2,000 a year her tax would be reduced by only \$140 a year. If, in

addition to the social security and interest income, in order to maintain her living standard, she got another job paying \$35 a week she would lose the credit and the tax savings in its entirety.

(4) Life insurance policies are owned by a large number of Americans including workers. Until August 16, 1954, the proceeds on death of life insurance paid in installments (monthly, quarterly, etc.) were exempt from tax. Where individuals die after August 16, 1954, the interest element in the installments is fully taxable except if received by a widow or widower of the deceased, in which case \$1000 per year of interest is exempt. The additional revenues to be derived from this source made it possible for the Congress to reduce the taxes paid by those few people who receive annuities. This was done by replacing the old "3 per cent rule" with a tax computed on the basis of the annuitant's life expectancy. An annuitant who lives beyond his life expectancy will be able to get back more than the cost of his annuity tax-free. This will be the result in most cases since the mortality tables used by the life insurance companies to increase premium charges by not fully reflecting the currently greater life expectancy will rebound to the benefit of annuitants. The new law also permit the annuitant who has lived beyond his life expectancy to sell the annuity and pay tax only on the proceeds, even though he has recovered more than his cost tax-free.

| | |
|----------------------------------------------------------------|----------|
| Annual payment | \$10,000 |
| Consideration paid for contract in 1954 | 100,000 |
| Expected return (\$10,000 x 15 years of life expectancy) | 150,000 |
| Annual exclusion (100/150 of \$10,000) | 6,667 |

If annuitant lives 20 years he will

recover \$33,333 more than his cost tax-free.

(5) Deductions for charitable contributions have been liberalized for both corporations and individuals. The most important change is one giving an individual (in addition to the limitation to 20 per cent of adjusted gross income) an additional 10 per cent for contributions to regular educational institutions, hospitals and churches. It is estimated that 160,000 taxpayers will save \$25 millions in taxes as a result of this change. Obviously the benefit goes to those in the very top brackets so that giving to charity is almost painless. The additional 10 per cent had to be limited to recognized institutions to keep the funds from going into "charitable" foundations controlled by the donor where the funds could be used for the donor's benefit (for instance buying the stock of a closely-held corporation to reduce the donor's income and estate taxes).

The new Code continued the scandalous provisions which permitted wealthy taxpayers to make a cash profit on charitable contributions. Example: An individual with a net income of \$500,000 per annum owns a piece of vacant real estate near Morningside Heights which cost him \$70,000 in 1944 and has a market value today of \$150,000. He donates this land to Columbia University. If he had sold the land he would have paid a capital gains tax of \$20,000 and he would have saved \$118,300 in taxes on the net proceeds of \$130,000 in cash donated to the university, or a net saving of \$98,300. By donating the land to the university he eliminated the \$20,000 tax and saves \$136,500 in taxes on the \$150,000 value of the land deducted on his return as a contribution or a net savings of \$156,500. He has more cash in his pocket as a result of

donating the property than if he had sold it and kept the proceeds.

(6) The big stock brokerage partnerships were given tax relief by permitting them to elect to be taxed as corporations at a top rate of 52 per cent instead of the rates up to 91 per cent to which they were subject.

(7) The hobby loss provision, under which a taxpayer who sustains business losses of more than \$50,000 for each of five consecutive years loses any deduction for the amounts over \$50,000 has been liberalized by excluding from the \$50,000 limit casualty losses, losses and expenses attributable to drought, abandonment losses, loss carry-overs and carry-backs and intangible drilling and development costs of oil and gas wells. This makes it even easier for people in the high brackets to indulge in race horses, cattle ranches and drilling for gas and oil.

(8) Other provisions effecting a reduction of taxes for individual taxpayers include provision for losses on sale of business assets as part of a net operating loss to be carried back two years and carried forward five years, liberalized rules for stockholders of liquidated corporations affected by the rule of the Arrowsmith case (344 U. S. 6), reduction of penalties and interest relating to estimated tax payments, liberalizing the impact of disallowed losses between related taxpayers; extending capital gains provisions to subdividing real estate.

Tax Breaks for Corporations

(1) It is estimated that the new depreciation provisions permitting fast write-offs to the original user of new property will reduce taxes 323 millions for corporations the first year and much more over the next few years. No one has noticed that there may be a double benefit—the corporation not only receives the fast write-off

but reports any gains as a capital gain at the lower rates.

Example: A corporation buys a machine for \$100,000 on January 1, 1954 with an estimated life of 10 years. At the end of 4 years the machine is sold for \$60,000. Under the old method the tax reduction would have been 52 per cent of \$40,000 or \$20,800. Under the new method the tax reduction would be 52 per cent of \$61,820 minus 25 per cent of \$21,820 or \$26,691.40, a saving of \$5,891.40.

(2) Research and development expenditures which were not deductible under the Treasury's ruling in the past may now be deducted as an expense in the year they are incurred or written off over 5 years or more according to the taxpayer's elections. The work should be creating a valuable asset in spite of the fact that all of the costs are immediately deductible. If the resulting product is valuable it can be used in the business or sold subject only to tax at capital gains rates.

(3) Municipalities and chambers of commerce have been offering building, land, and other financial advantages to corporations to settle in their communities. The new law provides that all contributions to corporate capital (including those mentioned above) are to be excluded from gross income of the corporation and are not subject to income tax except if sold subsequently, in which case the proceeds would be subject only to capital gains rates under Section 1231.

This should encourage those corporations which are planning on running away from towns with strong unions to open-shop towns which are presenting the inducements of cheap labor and free plants.

(4) Regulated public utilities are no longer subject to the 2 per cent additional tax for filing consolidated re-

turns. American Telephone and Telegraph Co., according to the *Wall Street Journal*, reported a net income of \$142,980,000 (including dividend income of \$121,330,000) for the three months of July, August and September 1954.

Tax savings is 2 per cent of \$13,230,000 of net operating revenue plus 2 per cent of 15 per cent of dividends received of \$121,330,000, or a total savings of \$628,590 for the three months.

(5) A corporation may now adapt a plan of complete liquidation and, within 12 months, sell all of the corporate assets and distribute the proceeds to its stockholders without paying any corporate tax on the gain to the corporation. Under old law such gain would be taxed to the corporation and to the stockholders.

Corporation sells all of its assets at a profit of \$500,000, dissolves and distributes the proceeds to its stockholders. Under the new law the stockholders pay a tax of \$125,000. Under the old law the corporation would have paid a tax of \$125,000 and the stock-

| | |
|-----------------------------------------------------------------------|-------------|
| Example: Loss for 1954 under new law | \$1,000,000 |
| Interest on tax-exempt municipal bonds | 100,000 |
| Dividends received | \$100,000 |
| Less — credit | 15,000 |
| | 85,000 |
| Excess of percentage depletion over cost depletion on oil wells | 200,000 |
| Net economic loss and loss to carryback under old law | \$ 615,000 |

If the carryback is to a year when the corporation earned \$1,500,000 (assuming no excess profits tax liability) the corporation will save 52 per cent of \$385,000, or \$200,200 under the new law.

(7) The penalty surtax for unreasonable accumulations of earnings by corporations, which served so effectively to force the payment of dividends to stockholders of closely held corpo-

holders would have paid an additional tax of \$93,750.

(6) Corporations and individuals are allowed to carry back losses for two years (instead of 1) and to carry-forward losses for 5 years, thereby establishing an 8-year period over which to absorb losses. The additional year of carryback will be of immediate tax aid to those companies (such as the independent automobile manufacturers) which had large profits in 1952 and small profits or losses in 1953.

Under the old law an operating loss carryback had to be reduced to the actual economic loss sustained in the year of loss and in the year to which the loss was carried. The new Code eliminated 3 important items from this adjustment in the year of loss: (a) fully tax exempt interest; (b) the corporate dividends received credit (primarily the limitation that taxes only 15 per cent of dividends received), (c) percentage depletion (the arbitrary exclusion of a percentage of the gross income). In addition, no adjustments are to be made to reduce the loss of a year to which a loss is carried.

rations, lost most of its effectiveness by the changes introduced in Sections 534 and 535 of the new Code. The first \$60,000 of accumulated earnings is exempt from the penalty tax under Section 531. Accumulated funds can be retained for the reasonably *anticipated* needs of the business. For all practical purposes the burden of proof has shifted to the government, which is a definite advantage in any future liti-

gation in the U. S. Tax Court. The door has been opened wide for unrelated investments in securities, oil wells, timber lands, real estate, etc.

(8) Other provisions granting tax benefits to corporations and individuals in high brackets include an extensive liberalization of the reorganization provisions: carryover to successor corporations of net operating loss carryovers, capital loss carryovers, inventory pricing, prepaid income, deferred expenses, earnings or deficits, etc.; a bank which owns 80 per cent of each class of stock of another bank is entitled to an ordinary loss deduction if the stock becomes worthless, instead of being subject to the capital loss limitations; personal holding companies get relief by increasing the personal holding income test to 80 per cent each year, and by being exempt from the tax on personal holding companies (75 per cent on the first \$2000, 85 per cent on the balance) if they qualify for inclusion in a group filing consolidated returns; all minerals are now subject to percentage depletion, and the deduction is extended to deposits of waste or residue worked by the mine owner or operator.

Estate and Gift Tax Reductions

(1) Since the estate tax strikes only individuals whose net estate is in excess of \$60,000 (\$120,000 in the case of a married person using the maximum marital deductions) only a small percentage of taxpayers are affected. The amounts involved, however, are large. It is estimated that the Treasury will lose \$25 millions each year from the 10,000 decedents who can now transfer large insurance estates at death without estate tax by an irrevocable assignment to the beneficiaries prior to death.

(2) The 1950 provisions permitting capital gains treatment for stock redemptions to pay death taxes has been

liberalized to include funeral and administrative expenses; two or more corporations more than 75 per cent of which is owned by the decedent are treated as a single corporation now to meet the percentage rules.

(3) Other provisions granting tax benefits to estates include extending the credit for property taxed in an earlier estate; more flexibility in passing property to a wife which will qualify for the marital deduction; permitting the deduction of expenses of administering property in the probate estate; permitting property to be transferred in trust for the grantor's lifetime (if the reversionary interest is less than 5 per cent) without fear of estate tax; granting all property included in the decedent's estate the value at death (or optional valuation date) as the basis for future income tax computations (this will be of particular benefit in cases involving transfers determined to be made in contemplation of death).

(4) Changes in the gift tax law include broadening the gift tax exclusion for gifts in trust to minors; permitting the creation of joint tenancies and tenancies by the entirety, where the wife does not contribute her full share, without being subject to gift tax.

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BOOKS IN REVIEW

THE FALL OF A TITAN, by Igor Gouzenko. Published by W. W. Norton and Co., Inc.

There are certain novels in which the characters escape the author's intentions to one degree or another, coming to life not because they realize the writer's design but in spite of it. *The Fall of a Titan* by Igor Gouzenko is such a novel. The people who move through the pages of this book mean less than the author intended and express more than he meant. Since *The Fall of a Titan* is what the French call a *roman à la thèse*, this is all the more damaging to the artistic integrity of the novel. We accept the reality of the characters, but we reject the ideas as false and banal.

Stated briefly, Gouzenko's main ideas are that Stalinism is the legitimate off-spring of Bolshevism whose grievous crime was to set an abstract love of humanity above love of one's fellow-creatures in the flesh; and that Lenin was ready to sacrifice the Russian people to the messianic idea of Russia as the savior of the world through revolution. Thus, Russia's redemption can only come when each person begins to bind himself to others by individual acts of kindness and love.

Within this framework, Gouzenko establishes his theme—the downfall of the generation of intellectuals who justified Bolshevism. Gouzenko's titan, the internationally famous writer, Gorin, socialist and humanist, is the symbol of this doomed generation. Morally, he is as responsible as Lenin and Stalin for the calamities that have befallen Russia. And he must suffer

the consequences of his crime. Under Lenin, brute force placed itself at the disposal of radical dogma. Now, under Stalin, radical dogma must submit to brute force. Gorin is called upon to renounce his moral and social ideals and engage in the naked, shameless glorification of Stalin's despotism.

The plot of the novel is simple, dramatic, and derives much of its power from a certain correspondence to actual events, particularly the fate of Maxim Gorky after his return to Stalinist Russia. A typical careerist, Novikov, who is a young professor of history at the University of Rostov and an agent of the secret police, is ordered to win over Gorin (Gorky), the great Russian writer, to complete acceptance of Stalin's policies during the dread period of forced collectivization, when famine and terror darken the landscape.

With the help of the secret police, Novikov gains entry to Gorin's household and begins the terrible process of corruption. For Novikov, failure means disgrace and exile to a slave-labor camp, perhaps even death; success means unlimited opportunities for advancement. Under these circumstances he permits nothing to stand in his way, not even his love for Gorin's daughter, Nina. When his superior, the second secretary of the Rostov party organization, Veria (Beria), indicates his displeasure, Novikov breaks off relations with the girl. In this mission, as at every stage of his career, Novikov must renounce everything decent, honest and human, if he is to succeed in pleasing his masters.

Up to a point, he succeeds. He insinuates into Gorin's mind the idea

of writing a play which idealizes Ivan the Terrible. The world will not fail to draw the analogy with Stalin. Novikov succeeds because the troubled Gorin, living in secluded, luxurious surroundings, wants to be corrupted, wants to believe the revolution has not gone awry, and that Stalin's harsh measures are as transitory as they are necessary. Gorin writes and publishes the play. Yet Novikov's success is incomplete and is really the prelude to ultimate failure.

The story moves to its fatal climax with a struggle of wills as the basically incorruptible Gorin begins to face and accept his doubts and dissatisfactions. When Gorin stops writing altogether, Stalin demands a series of articles praising the regime. The old writer refuses, and having failed to completely corrupt him, Novikov is left with no other alternative than to placate Stalin by killing him.

An interesting sidelight on the authenticity of Gouzenko's portrait is the fact that in real life Gorky never wrote such a play. A novel about Ivan the Terrible was written by that cynical, corrupt talent and former white-guardist, the spurious Count Alexei Tolstoy.

The heart of the novel and the test of Gouzenko's ideas comes in the final confrontation between Novikov and Gorin. The latter is now a prisoner on his estate, and his jailor is none other than Novikov. The young Stalinist professor realizes that Gorin is intractable and must be killed. And although there is no need for him to personally carry out the execution, he willingly, nay, eagerly, assumes the role of assassin.

In the nightmarish dialogue that leads up to the murder, Novikov accuses Gorin of being a hypocrite, a man who is only interested in his reputation and historic role, not in the

fate of the suffering Russian people. He is moved, Novikov charges, by vanity, and vanity alone. He does not love men individually, he loves man in the abstract. Gorin's false ideal of abstract socialist humanism inspired and justified the crimes of Bolshevism-Stalinism. Novikov consciously acknowledges himself the twisted and aborted child of Gorin's ideas, a monster without the slightest trace of humanity. Because he is no longer a human being, out of sheer revenge and despair, Novikov wants to kill the author of all his ills, Gorin. It is the voice of one generation passing a terrible judgment on another.

The only trouble with Novikov's explanation in this climactic scene is that it rings false. It is not only historically false, it also violates the logic of the novel. For example, Novikov's accusation against Gorin — that he loves humanity in the abstract corresponds neither to the real Gorky nor to the fictional Gorin whom Gouzenko presents. Gorin (Gorky) is depicted as a man who, above all, has a feeling for people in all their individual complexity. It is precisely this sensitivity which is his saving grace and leads to his break with Stalin. Precisely because he senses what is happening to the people around him Gorin is driven to realize that something is seriously wrong.

Furthermore, when he measures the debilitating influence of Stalinism on his socialist and humanist ideals he is compelled to break. It is his genuine and irrevocable devotion to these ideals which drives Gorin to the point where he is ready to die rather than submit to Stalin. Consequently, Gorin retains all our respect as a symbol of socialist humanism, despite the unflattering portrait Gouzenko draws of a weak, vain, self-deceiving man, whom the author means to condemn

as the intellectual accomplice of Lenin and Stalin. Gorin's last-minute conversion to Gouzenko's pseudo-Tolstojan doctrine of an all-embracing love for one's fellow human being remains a mere novelistic device, detached from the Gorin who emerges in the main body of the novel.

As for Novikov's explanation of his own behavior, this is another great and glaring defect in the novel. As a symbol of the Stalinist careerist, of a demonic force unleashed by Stalinist society, Novikov is perfect. But when he berates Gorin for betraying him and his generation, he fails to convince. A brief review of Gouzenko's treatment of Novikov's character in its historical setting explains the failure.

Novikov's personality is shaped in the first chapters of the book which introduce him as an adolescent in the midst of the First World War, the Russian Revolution and the Civil War. Almost from the outset, Novikov is presented as a cynic and careerist. The decisive experience for the adolescent is the disastrous discovery that the woman of his dreams, his ideal love, has the coarsest of animal appetites. From that point on, Novikov's character determines his fate. He vows to believe in nothing.

The October Revolution does not restore Novikov's faith in humanity. The revolution is seen by the young cynic (and Gouzenko) as a mass orgy, a carnal explosion of the discontented and thievish lower depths. As for the ideals of socialism and humanism, we meet their humble representative in the person of the Red Guard, Akimov, who is stationed in the house from which the bourgeois Novikov family has been expelled. Akimov, the devoted Bolshevik, ready to kill friend or foe at Lenin's behest, spouts an illiterate mixture of Slavic messianism

and Russian imperialism. In one conversation with the young Novikov, he says, "Russia is only the beginning! For the Russian, half the world is too little. . . . It is not the country that matters, but that the Russian nation must save the world, humanity. That was written by fate at its birth." (This theme, sounded at the very outset of the novel, reappears in the very final pages in a more polished form as the historical explanation for the driving force of Stalinist imperialism. Novikov is rewarded for his part in the Gorin affair by being assigned to the United States nominally as ambassador but in reality as a spy. Veria, his superior, now one of the Kremlin rulers, informs him that the "time will come" when the Stalinist secret police will take over America.)

Novikov is not drawn to the Bolsheviks because he shares their vision of creating a new society. Indeed, their liberating ideas are nowhere to be found in this novel. What draws Novikov to the Bolsheviks (as they are presented by Gouzenko) is his adolescent cynicism, his attraction to those who have power and seem to know how to use it ruthlessly. At no stage in his career does the young intellectual Novikov evince the slightest concern or anxiety over socialist ideas. The struggle between Trotsky and Stalin is presented as a vulgar fight for power. Novikov sits coldly and silently until he sees who is winning and then joins the victorious side.

His denunciation of Gorin, therefore, is misplaced because it does not flow inexorably from his past pattern of behavior, his character, or his ideas. How could Gorin have seduced him with a false set of ideals when Novikov demonstrates that he never had any? Because Novikov is what he is from the very beginning of the book—a careerist—his assassination of Gorin

cannot mean what Gouzenko says it means—the final and symbolic act of Bolshevik degeneration — intellectual parricide and the triumph of brute force alone.

HAD GOUZENKO GIVEN US an honest picture of the October Revolution, of Bolshevism and its authentic representatives, with all their virtues and faults; had he shown a young Novikov who absorbed the ideas of Lenin and a Gorin, and then degenerated into an opportunist, he would have at least prepared the artistic ground for his argument that Gorin (Gorky) is responsible for Novikov as Lenin is responsible for Stalin. But then, Gou-

zenko would have had to write a different kind of novel. He would have had to present the real struggle of men and the ideas they represented. He does nothing of the sort, however. The caricature he does present reveals Gouzenko is still the intellectual child and victim of Stalinism.

However, if *The Fall of a Titan* fails as a novel, it succeeds as a series of vignettes about the horror of life in the bureaucratic jungle. Whenever Gouzenko tears away the mask of deceit and lays bare the faces of horror, fear and terror, he writes like a man possessed. In these moments he even overcomes his simple inability to write well.

A. S.

HOW RUSSIA IS RULED, by Merle Fainsod. Published by Harvard University Press.

TERROR AND PROGRESS, by Barrington Moore, Jr. Published by Harvard University Press.

Both *How Russia Is Ruled* by Merle Fainsod and *Terror and Progress* by Barrington Moore, Jr., are Harvard publications, and both authors are associated with the Russian Research Center at that university. It also happens that these two books more or less supplement each other. Fainsod's work, running to 500 pages, is primarily a descriptive and detailed study of how the Russian totalitarian system works, while Moore's book is an attempt to theoretically comprehend its dynamics.

However, both books overlap. Fainsod writes his version of Bolshevik origins in order to explain genetically the present totalitarian order and also engages in a bit of theorizing on the social function of terror. Moore provides pertinent material to reinforce

some of his arguments. Of the two, Moore's book is the more valuable and interesting.

While we are tempted to recommend Fainsod's *How Russia Is Ruled* as a source book on Russia in the Stalin and post-Stalin eras, we must sound a warning against the early chapters of the book dealing with Bolshevism before the conquest of power and the post-revolutionary period up until, say, Lenin's death. His presentation is definitely misleading. Fainsod simply does not show the objectivity demanded of a historian and social scientist dealing with what is admittedly controversial material. He presents a carefully filtered-out picture of ideas and events since he is interested in showing that Lenin, not Stalin, is the real villain of the piece. The one-party state had its origins, in Fainsod's view, in the monolithic party.

For him, Lenin's dictatorial concepts and practices begin with *What Is To Be Done*. His interpretation of Lenin's famous polemic leads him to

say, "Democratic management, Lenin held, was simply inapplicable to a revolutionary organization." This, to put it kindly, is a wilful misreading of Lenin's view. What Lenin did believe and said in *What Is To Be Done* was that *under conditions of autocracy* it was impossible for Russian revolutionary socialists to build the kind of *open political organization* the Social-Democrats in Germany had created. Fainsod fails to mention that *What Is To Be Done* is filled from beginning to end with unrestrained paeans of praise to the German Social-Democratic Party as a model to be followed by *revolutionary Marxist organizations operating under conditions of parliamentary democracy*.

Lenin's practices fare no better than his ideas at Fainsod's hands. Turning to the post-October period, Fainsod centers his attention on the events leading up to the fateful 10th Party Congress in March, 1921, when factions were outlawed. On the basis of this undeniable fact, our author says the following: "The Party faction was anathema to him [Lenin], and in the Resolution on Party Unity, which he had drafted for the Tenth Party Congress, he did everything in his power to destroy the embryonic development of a two- or multi-faction system within the framework of the single-party dictatorship. He could find a place for criticism in his organizational scheme only if it presented no political challenge to the party leadership and if it was 'practical' criticism which served to improve the efficiency of the party machine."

We regret wearying the reader with this lengthy quotation, but it is needed to show how far from objectivity an American scholar can stray when dealing with hotly disputed questions. Fainsod does not quote Lenin at the same 10th Party Congress, replying to

a proposal by Riazanov on the question of *political struggles inside the party* by saying:

"The present Congress can in no way and in form engage the elections to the next Congress. And if, for example, questions like the Brest-Litovsk peace arise? Can we guarantee that such questions will not arise? It cannot be guaranteed. It is possible that it will then be necessary to elect by platform. That is quite clear."

Lenin's explicit reference to Brest-Litovsk makes his meaning clear. At the outset of the party dispute over Brest-Litovsk, as we have pointed out in reviewing Rostow's book, Lenin was in a minority. Furthermore, the Left Opposition issued its own papers and controlled the Moscow Party organization. Lenin's triumph over his party opponents was not achieved by outlawing them, but by winning the party membership over to his views. More important, to refer to Brest-Litovsk was to indicate that factional struggles were inevitable and necessary when serious issues divided the party.

Lenin made this point even more explicit elsewhere during the same period, when he said: "But if deep, fundamental disagreements of principle exist, we may be told: Do they not justify the sharpest factional action? Naturally they justify it, if the disagreements are really very deep, and if the rectification of the wrong policy or of the working class cannot be otherwise obtained." (*Collected Works*, Vol. XVIII, Pt. 1, page 47. Russian edition—quoted by Max Shachtman in *The Struggle for the New Course*, page 142.)

What Fainsod says about Lenin's abhorrence of factions is simply not in accord with the facts. But even more serious is Fainsod's failure to mention Lenin's preparation to join Trotsky

in a struggle at the 12th Party Congress against Stalin and his cohorts. That Lenin died at that time is an historical accident; that he realized the gravity of the party crisis, and the need to struggle against the bureaucratic danger is not. Such a struggle could only have proceeded in the form of an open factional contest at the top, enlisting the ranks of the party to achieve success. Whether Lenin and Trotsky would have dislodged Stalin and his bureaucratic clique we will never know, but Fainsod never mentions the fact that Lenin was preparing to enter a factional struggle against Stalin. To have done so would have compelled him to abandon his simplistic notion of the monolithic party and the dictatorial Lenin.

There are other points in Fainsod's narrative where he lapses from a fully-rounded picture of the complex developments in the post-October period, such as his treatment of the relations between the Bolsheviks and the other parties. But enough has been said to indicate his bias. And having entered our reservations, we repeat our initial comment. Fainsod's *How Russia Is Ruled* is a good source-book for those who want a factual description of how the present-day Russian totalitarian system operates.

LIKE EVERYONE ELSE THESE DAYS, Barrington Moore is interested in the future of totalitarian Russia, and *Progress and Terror* is his contribution to the discussion now going on. The book is definitely worth reading, not so much for Moore's prognosis of three alternative paths he sees open to the ruling class (he does not believe revolution from below is likely in the foreseeable future), as for his *method of diagnosis*, the way he treats his subject matter. Moore has a real

feeling and grasp of some of the contradictions immanent in the Russian social system.

Before commenting directly on the book, at least a word of praise is in order for Moore's objectivity in handling some charged questions. True, Moore shares the bias of his Harvard colleague, Fainsod, when it comes to Bolshevism and its relation to Stalinism. But still, on each question he tries to present all the relevant facts and he shows respect for ideas with which he does not agree. It is refreshing, after all, to hear an American bourgeois writer candidly admit that the heated atmosphere in this country tends to distort and prejudice the scholar's view of things Russian. It is also a rare experience these days to read a sober discussion of Lenin's philosophical ideas and see them weighed on their merit. And, to anticipate somewhat, Moore's brief treatment of the connection between terror and socialism is one of the high points of the book. Mistaken though he is in his definition of socialism (nationalized economy), and confused in identifying revolutionary and totalitarian terror, still he does come to an important and correct conclusion. He says, "The Soviet case cannot therefore be made to support the argument that any form of socialism will require organized terror to maintain it."

In discussing the origins of totalitarian terror in Russia, Moore makes the following observations: "The answer may be hazarded that organized terror, in its beginning stages at any rate, does not stem from any particular type of economic structure, but from the attempt to alter the structure of society at a rapid rate and from above through forceful administrative devices." Furthermore, "it is necessary to distinguish between centralized economic control that is forcibly imposed

in order to carry out a policy opposed by most of the population and one that is the consequence of an attempt to find a more satisfactory way of meeting the wishes of the population. Organized terror in the Soviet Union belongs quite clearly in the first of these two categories.

The distinction Moore is groping toward, clumsy and confused though his language be, is between the revolutionary terror that accompanies a social upheaval and the totalitarian terror of the Stalinist counter-revolution imposed from above. This distinction is the beginning of wisdom. And although Moore does not follow his thought through to the end it does enable him to see there is no inherent connection between centralized planning based on democratic socialism and totalitarian terror.

Moore finds the reasons for the continued existence of totalitarian power in the fact that all impulses for growth in Russian society come from the center, from the regime. The lower levels of the economic bureaucracy tend to lapse into routinism, and are forever trying to escape the imperatives of the plan. The ability of the regime to shake up the apparatus plays the same role in the Russian economy that market competition plays under capitalism.

The key to Moore's method is given by his statement in the opening chapter that "For about the past twenty years Soviet society has been one enormous bureaucracy. The state has swallowed society. The behavior of nearly every adult male during his waking hours is heavily determined by his place within this bureaucracy which confronts him with a set of alternatives in such a way as to make many of the choices among them obligatory." As it stands, this definition of the Russian social system is inade-

quate since it tends to blur the distinctions between rulers and ruled, to ignore class antagonisms which explain the decisive need for the totalitarian terror. But Moore corrects himself in part on this point at a later stage in his study.

All the crucial areas of this bureaucratic society, such as the factory, the collective farm and the world of the intellectual are analyzed in terms of three master concepts: power, technical and economic rationality and tradition.

By power Moore means the totalitarian power of the regime, exercised through the party, the secret police, and the economic and administrative apparatus. No one is exempt from the terror. All members of society, bureaucrat as well as worker and peasant, are potential victims of its arbitrary use. The aim of the totalitarian power is to atomize society and render everyone dependent on the regime. The effect of the use of this terror, however, if carried too far, is totally disruptive, since it makes the continued functioning of the economic and social system almost impossible.

Moore next dwells on the existence of "rational," "technical-economic" tendencies within the Russian system. These tendencies are in conflict with the arbitrary operation of the totalitarian system. By "rationality," Moore means the need for social stability, regularity, and a reasonable relation between effort and reward demanded by a modern industrial society. Here Moore has drawn heavily on the ideas of the German sociologist, Max Weber, who stressed the rational nature of economic and social institutions under capitalism. Economic accountability, technical efficiency, a wide-spread division of labor, and a system of hierarchic relations within the process of production and admin-

istration are typical of modern industry.

In discussing the visible signs of this tendency within the Russian system, he calls attention to the way the Malenkov regime is stressing "law and order." We believe Moore's application of this idea is the weakest part of his analysis. The trends he discusses exist, but they are in no way incompatible with the continued existence of the totalitarian terror. Here an analogy can be brought into play that is as much a criticism of Weber's idea as of Moore's use of it. Under capitalism, order and rationality exist within the factory, but the irrationality of capitalism is expressed in the anarchic play of the market. In like manner, the Russian regime demands that the factory administrator produce in an "economic" fashion, but as Moore himself has shown, it enforces this demand by the use of the totalitarian terror.

The regime must use terror to discipline the bureaucracy in the direction of efficiency because it has no other way open. The economic bureaucracy will continue as in the past to build and administer wastefully, to lapse into routinism, and to evade the plan so long as the workers and peasants do not exercise democratic control over production and planning. Democratic control from below is the only alternative to police terror from above. Moore sees the contradiction between the "irrational" police power and the "rational" demands of a modern industrial system. He does not see altogether that these two tendencies are organically linked. The modern "rational" industry of Russia rests on the "irrational" basis of slave labor. This is the extreme expression of the total denial of political and economic rights to the workers and peasants.

The third category Moore applies

is that of tradition. Under this heading he discusses the development of clearly defined classes, and within the multi-national framework, of a superior nation, the Russians. It is here that he locates the tendency toward stagnation and routinism. Once the bureaucracy ties its rewards to property or social status, there is no need to bow to the extreme demands of the regime for impossible results. What Moore has to say is supported by a well-organized array of facts and examples. But as Moore himself understands, this is one tendency that is least likely to prevail.

In the final chapter of the book, entitled "Images of the Future," Moore proceeds to lay down three possible lines of development based on the tendencies he has discussed. Each of these tendencies when pushed to the extremes, excludes the others. They are: (1) A continuation of the monolithic, totalitarian dictatorship, if the succession crisis is resolved; (2) the evolution into a technocracy, in which the "managerial," "economic," bureaucracy gets the upper hand over the secret police and the party. Having conquered, it will introduce elements of legal order and economic rationality without going so far as to altogether dispense with the secret police or yielding a complete democracy; (3) Degeneration into a traditional despotism. Clearly defined classes emerge, based on some form of property or social (quasi-religious) function, and/or the Russians emerge as the superior and ruling nation within the empire. The hold of the central, totalitarian regime weakens and the dynamic compulsion for continued growth from the center is gradually frustrated. A process of stagnation and disintegration would set in.

Moore does not believe any of

these tendencies will be pushed to the extreme. But he does think the managerial, technocratic tendency will get the upper hand. However, Moore qualifies his prognosis with the following remarks: "Yet another reason for stressing the strength of the totalitarian tradition and totalitarian institutions lies in a certain instability of the rationalist and technical order, that is manifest even in our own society and might legitimately be expected to be much stronger in post-Stalinist Russia. The essence of the matter lies in the fact that the mere existence of a powerful industrial state dominating much of the Eurasian continent would be a potential threat to other nations, and primarily to the United States, no matter how peaceful its behavior and apparent intentions."

The ideas in this passage, couched though they are in cautious language, are a credit to Moore's ability to think some questions through to the end.

Although we don't want to end on an ungracious note, we would like to call attention to one piece of unintentional humor. In his last chapter, Moore applies some current sociological concepts with disastrous re-

sults. Discussing what we would call Stalinist "ideology," that is, the system of beliefs the regime wants to impose on society, Moore uses the related notions of the "in-" and "out-group." Members of the in-group are bound by solidarity, but treat the out-groups in a predatory manner. Moore then translates the history of Bolshevism from its inception into terms of in- and out-groups, and the results are pretty funny. For example, Lenin's "definition of the in-group was so narrow that it is scarcely an exaggeration to assert that on many crucial occasions it included only himself." Again, "The seizure of power in the November Revolution compelled the Bolsheviks to extend their definition of the in-groups. In at least a few limited respects, all of Russia became included within the in-group." And finally, "To what extent the Party Presidium's private definitions of the in-group, one of the key unspoken assumptions in any policy decision, have changed under the impact of experience is a question for which no certain answer exists."

Still, we think this book is worth reading.

A. S.

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