

# **WORLD MARXIST REVIEW**

*In this issue:*

## ***Western Europe: trends in modern capitalism***

***M. Dobb • F. Nicolon • E. Peggio • J. P. Delilez • L. Urban***

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*In reply to a message of congratulations on the occasion of the formation of the leading bodies of the Communist Party of Cuba—the Central Committee, Political Bureau, Secretariat and Commissions of the C.C.—the Editorial Board has received the following telegram from Havana:*

Editorial Board, *Problems of Peace and Socialism*:

We sincerely thank you for your congratulations on the occasion of the formation of the Central Committee of the Communist Party of Cuba. Under the leadership of its Central Committee our Party will continue to carry on its organizational and political activities on all the revolutionary fronts. As hitherto, we shall support the national-liberation struggle of the peoples exploited by American imperialism, colonialism and neo-colonialism. We shall continue to work to strengthen the unity of the international Communist movement. Fraternal greetings to all who are associated with your international journal. Country or death! We shall win!

**Central Committee, Communist Party of Cuba**



- A. FERRARI  
J. M. FORTUNY     **3 U.S. imperialism declares war on the peoples of Latin America**
- V. GRISHIN     **9 Theory and practice of building socialism**  
SCHOOL OF ECONOMIC MANAGEMENT FOR THE WORKING MASSES
- N. POPOV     OBJECTIVE CHARACTER OF ECONOMIC LAWS UNDER SOCIALISM
- 21 Western Europe: trends in modern capitalism**
- M. DOBB     TENDENCIES IN EUROPEAN CAPITALISM
- F. NICOLON     WEST EUROPEAN INTEGRATION: TRENDS AND CONTRADICTIONS
- E. PEGGIO     INTERNATIONALIZATION OF ECONOMIC LIFE AND THE WORKING CLASS
- J. P. DELILEZ     SOME ASPECTS OF CAPITALISM AND IT CONTRADICTIONS
- L. URBAN     CHANGES IN THE ECONOMIC STRUCTURE OF POSTWAR CAPITALISM
- 52 The national-liberation movement today**
- J. MARAVILLA     THE AGRARIAN PROBLEM IN MOROCCO  
UPSURGE OF THE ANTI-IMPERIALIST MOVEMENT IN THE PHILIPPINES
- 65 Viewpoints on current problems**
- O. MILLAS     CHRISTIAN DEMOCRATIC REFORMISM: THE CHILEAN EXPERIMENT
- 70 In the communist and workers' parties**
- W. ALEXANDER     BRITAIN: TASKS OF PARTY BUILDING
- M. SALIBI     SYRIAN COMMUNISTS IN THE FIGHT FOR SOCIAL PROGRESS
- R. LOUBET     FRENCH COMMUNIST PARTY: WORK AMONG ENGINEERS AND TECHNICIANS
- V. K.     FIRST WORKERS' NEWSPAPER IN NIGERIA
- 82 The war in Vietnam**
- J. WODDIS     SOLIDARITY WITH THE PEOPLE OF VIETNAM  
BRITISH PEOPLE OPPOSE U.S. AGGRESSION IN VIETNAM
- 85 Our diary**  
EPICENTER OF THE INTERNATIONAL TENSION
- 87 Against the persecution of democrats**  
THE LIVES OF THE PATRIOTS ARE IN DANGER

WORKERS OF ALL  
COUNTRIES, UNITE!

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# ***U.S. imperialism declares war on the peoples of Latin America***

A. FERRARI, J. M. FORTUNY

THE U.S. IMPERIALISTS have started a new campaign of aggressive actions against Latin America. Compared with the aggression staged by them over the past century and a half the present campaign is taking place in fundamentally different conditions. Today imperialism can no longer depend on "democratic" subterfuges or constitutional euphemisms. Today it is seen by the world in all its ugliness as an international gendarme, as the principal enemy of the peoples fighting for peace, national independence, democracy and social progress.

This precisely is the substance of the resolution adopted by the U.S. House of Representatives on September 20, which proclaims that one or several members of the Inter-American Mutual Assistance Treaty—can, in pursuance of individual or collective self-defense, take measures, including armed force, to prevent or counteract intervention, domination, control and colonization in any form by subversive forces known as international communism, and its "agents" in the Western Hemisphere.

Today when the U.S. imperialists see a communist "threat" in the attempt of the Dominican patriots to return their country to a constitutional system, when they see Communist "agents" in the friends of ex-President Juan Bosch, the question arises: is any country fighting for its independence and freedom guaranteed against armed attack

by the United States or a U.S.-supported military dictatorial regime?

By means of this resolution which flagrantly violates the United Nations Charter and its well-known anti-colonial resolution, the North American imperialists are trying not only to set themselves and their allies, the "gorillas," above the United Nations, trying not only to get rid of their own evil offspring—the Organization of American States—and not only making a travesty of international law. With this resolution they have, in effect, declared war on any country in the Western Hemisphere deciding to take the road of independent development.

Although formally the resolution applies only to the Western Hemisphere it constitutes a serious threat to world peace, for its purpose is to create new centers of armed conflicts. The resolution is undoubtedly part of U.S. imperialism's global war strategy.

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The latest aggressive actions of the North American military and the "legislative" measures accompanying these actions indicate that they want to revive the policies pursued at the beginning of the last century by the absolutist feudal regimes which desperately fought against the bourgeois revolutions then developing in the world.

At its congress in Troppau in 1820 the Holy Alliance proclaimed the "right" to inter-



vene in the affairs of other states if "their form of internal government is changed by an insurrection, and if this change represents a danger to the other members of the Alliance." It made "lawful" the practice of trampling underfoot the sovereign rights of people, rights which were introduced and championed by progressive statesmen like Jefferson. It is pertinent to recall that despite their armed intervention in the affairs of the peoples who had freed themselves from feudal domination the absolutist regimes did not win the day. The international conflicts provoked by it failed in the long run to prevent the collapse of feudalism and absolutism in old Europe.

There is even less chance of the present-day imperialist reaction carrying the day. In the past when the progressive forces were not united on a world scale the attempts of the feudal absolutist obscurants banded together in the Holy Alliance to crush the revolutionary movements in different parts of the world had relatively greater chance of success. Today progressives in all parts of the globe are offering increasing resistance to imperialist intervention in the countries where liberation movements are in full tide. Nowadays the revolutionary forces have their international vanguard—the world Communist movement. And the firmer the unity of this vanguard the more effective will be the consolidation of progressive forces. The revolutionaries in the countries fighting for their independence have every chance of being victorious.

At a time when the U.S. imperialists have formulated the so-called "Johnson Doctrine" regarding their "right" to impose their will on other nations, the Soviet Union has submitted to the U.N. General Assembly a draft Declaration on the Impermissibility of Intervening in the Internal Affairs of States and on Safeguarding Their Independence and Sovereignty. This Declaration proposes the immediate cessation and prevention in future of actions which represent armed or any other form of intervention in the internal affairs of states, as well as any actions directed against the just struggle of the people for national independence and freedom. Underlying these words are the liberatory ideas of the October 1917 Revolution, the ideas of Lenin's Decree on Peace; behind these words stand the tangible forces brought into being by the October Revolution—the powerful socialist world system, the working class marching at the head of the people in the struggle against imperialism, the national liberation revolutions which have raised their banners in all lands and on all continents.

There is the story that when Tsar Nicholas I of Russia, known as the "gendarme of

Europe" learned about the revolution of February 1848 in France, he turned to his officers with the words: "To horse, gentlemen! A republic has been proclaimed in France." As we know, all the Tsar's horses were powerless to stem the revolution in France.

Now, instead of the former absolutist feudal rulers we have the tycoons of monopoly capital. The U.S. imperialists issue similar orders to their henchmen.

True, imperialism has a much bigger military and economic potential than Nicholas I. But it is no less true that the forces fighting for peace, national independence, democracy and socialism are incomparably more powerful than was the case a century ago. And if in its time the Holy Alliance was unable to prevent the peoples of Latin America winning liberation from Spanish-Portuguese domination, the U.S. imperialists have even less of a chance of preventing our peoples from achieving their second, and final, national and social emancipation when humanity has entered the age of the transition from capitalism to socialism, ushered in by the Great October Socialist Revolution, the forty-eighth anniversary of which all progressive mankind is meeting under the banner of the struggle against imperialist aggression and intervention.

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What impelled the U.S. imperialists to make such an extreme pronouncement? The resolution states that its purpose is to prevent the danger of "intervention," "domination," "control" or "colonization" in any country of the Western Hemisphere by "international communism." But everybody knows that it was the United States and not a socialist country that invaded the Dominican Republic; that the United States with its Navy, armed forces and intelligence agencies is blockading Cuba and constantly threatening it with aggression; that it is the imperialists, and in the first place the U.S. imperialists, and not the socialist countries that are carrying out *intervention, domination, control and colonization* in Latin America. The whole world knows that not a single one of the socialist countries has, or intends to, acquire colonies, and that socialist Cuba is the only truly free and independent country on the continent.

The real explanation for the intensified aggressive actions by the imperialists is that they realize the danger threatening their domination of the Latin American peoples, a danger created, needless to say, not by "international communism" but by the spreading liberation struggle of the peoples themselves. Gone are the times when omnipotent im-



perialism could juggle with the destiny of mankind as it saw fit. Today imperialism is confronted by the powerful socialist system, by the national liberation movement which is gaining in strength and striking telling blows at the colonial system of imperialism, by the powerful revolutionary and democratic movement of the working class and peoples of the world.

Imperialism has not, as yet, been done away with. It can still carry out aggression in Vietnam, the Congo, the Dominican Republic and in other parts of the globe. It can still threaten humanity with a third world war. But it can no longer do as it likes, for there are forces in the world today that can curb its actions. In the world today, the Americas included, those Latin American peoples who unite and resolutely fight for their national and social liberation, have every possibility of being victorious. Such is the sober reality of our time. The U.S. imperialists were unable to prevent the victory of the Cuban revolution; they can no longer crush by traditional means the armed struggle of the peoples of Venezuela, Colombia, Guatemala and Peru; the anti-imperialist struggle is spreading through the continent; Washington can no longer secure the unanimity it needs within the OAS; its actions are arousing indignation even at home in the United States; lastly, despite overwhelming military superiority, Washington was not able to achieve all its aims in the Dominican Republic.

If we examine, naturally in broad outlines, what the U.S. imperialists gained and lost as a result of their Dominican gamble, we must admit that they did of course win something. They succeeded in checking, if only temporarily, the revolutionary process destined to lead in the near future to the democratization and independence of the country. At present the Dominican Republic is occupied by U.S. troops and nobody knows when and how they will be withdrawn from there. This fact should not be overlooked. It is not excluded that it will resurrect the false idea, disproved by the Cuban revolution, that the Latin American peoples will not be able to win their liberation since they have to contend from the very outset not only with the resistance of home reactionaries but also with U.S. intervention. This idea (which cannot of course shake the confidence of revolutionaries) is used by some leaders of the popular movements, who are influenced by bourgeois and petty-bourgeois views, to sow doubts and despondency among the participants in the liberation struggle.

The U.S. imperialists, however, have also sustained heavy losses. To begin with, the

heroic Dominican people demonstrated that it is possible in present-day conditions to oppose direct U.S. armed aggression and prevent it from achieving its basic aims. And if the Dominican people were able to do this, what is to prevent other peoples in Latin America from doing the same?

Secondly, the direct imperialist invasion led to what at worst might have been a civil war being turned into a war for national independence, a war of the entire people against the foreign invader. This facilitated the isolation of the neo-Trujillo group and gave a broader social base to the movement of the constitutionalists. There can be no doubt whatsoever that any U.S. invasion of any other Latin American country will reap the same fruits.

And lastly, the U.S. imperialists were unable to block the opening leading to democratization and independence that began to take shape in the Dominican Republic, an opening which can, despite all the obstacles, be widened by active mass struggle and international solidarity.

To summarize, a Pyrrhic victory cost Washington the bankruptcy of the OAS and the crumbling of the foundations of the so-called "inter-American system." Ostensibly created for the purpose of preventing aggression, the OAS was turned into an instrument legalizing aggression, a fact which has caused it irreparable damage. It is not accidental that many statesmen (non-revolutionaries among them) are raising the question of the need to replace the OAS with an organization of Latin-American states without the USA. Some OAS members openly condemned the military intervention in the Dominican Republic, while others accepted it most unwillingly. There were, it is true, some governments who wanted to support the intervention, but decided not to do so because of the strong feelings against this in their countries. Only a few governments ventured to send troops as a token of inter-American "approval" of Washington's actions.

The abortive aggression in Santo Domingo undermined U.S. prestige and influence not only on the American continent but also in other parts of the world as well as among its allies in the imperialist camp.

Even more important is the fact that since the victory of the Cuban revolution the peoples of Latin America and elsewhere are no longer intimidated by the aggressive actions of the U.S. imperialists; if anything these actions are stiffening their fighting spirit and in some cases giving rise to new forms of struggle. The events in the Dominican Republic have brought home to the peoples fighting for their national and social liberation that



the choice is either to unite and fight or perish under the U.S. jackboot. There is no doubt what course they will take.

From the very first days of the aggression mass protest demonstrations swept Chile, Uruguay, Argentina, Brazil, Mexico, Panama, Costa Rica, Colombia, Venezuela, in a word, practically all the Latin-American countries. In some of the countries (Argentina, Chile and Uruguay, for example) the demonstrations were headed by the organized working class; students and other sections of the population, and practically all political parties and groups came out onto the streets; the demonstrations assumed tremendous scope and militancy. The differences and distrust existing between the various parties and mass organizations were temporarily buried. They all unanimously denounced the imperialist intervention. Many of them not only urged their governments to pursue an independent and dignified policy in relation to the Dominican events, but also to carry out deep-going socio-economic reforms in their own countries. This mass movement very nearly caused a crisis in some of the less scrupulous or vacillating governments (the Argentinian, for one), and compelled them to abandon the idea of sending troops to Santo Domingo. Even institutions of repression and some of the Right-wing trade union and political leaders were caught up in the protest wave. The masses realized that if they constituted such a powerful force in the protest campaign against U.S. aggression in the Dominican Republic, their strength would be legion if they achieved unity in the struggle for their demands relating to national and social liberation. This gave a new impulse to the economic, social and political struggle of the working class and the entire people.

\* \* \*

Thus it is evident that every step taken by the U.S. imperialists in their colonialist and aggressive policy in Latin America is meeting with the growing resistance of the peoples of the continent. The brazen aggression against the Dominican people raised the struggle between the American imperialists, on the one hand, and the Latin-American peoples, on the other, to a higher level. In the face of the threat of direct invasion not only the revolutionaries, the workers, peasants and students in one or another country, but all are determined to unite and use all forms of struggle necessary to prevent invasion, to defend their country with arms in hand in the event of their country being attacked. It is clear that the people of the country invaded will have to rely first of all on their own unity, organization and determination to fight. There is no doubt,

however, that they will be able to depend also on the fraternal solidarity of the rest of the Latin-American peoples, as well as on the working people of the world, and especially of the socialist camp—the consistent defender of national independence.

All this should be given thought by the men and officers of the armed forces of the countries of the continent. We are not referring of course to those who have lost the last vestiges of national honor, who have become yes-men of the Pentagon and as such obediently carry out its orders. But all, even though they may not be Communists or revolutionaries, who have entered the armed services prompted by the noble desire to defend their country, should seriously reflect on their future. Will they servilely collaborate with aggressors who have attacked their country, or will they help their people to defend the national frontiers? For them too, irrespective of political conviction or religious belief, the hour has struck when they must decide. The Dominican experience shows that the men and officers who carry out their patriotic duty can depend on the support and gratitude of their people, on the active solidarity and admiration of the people of the world. Let every potential Imbert in every Latin American country encounter the resistance of a Caamano!

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It is clear that it is not a question of waiting until the soldiers, marines or any other units of the U.S. Army violate the frontiers of yet another country upholding its independence, but of acting now, as U.S. aggression increases, to consolidate the unity of the peoples and extend the struggle. This is necessary because the U.S. imperialists are resorting to more blatant forms of aggression against Latin America not to speak of elsewhere in the world. The resolution adopted by the U.S. House of Representatives is a further step towards realizing the Johnson-Mann doctrine which gives the green light to dictatorial governments, coups and naked aggression, a doctrine which the United States has been applying for some time now.

Not only Cuba or the Dominican Republic, but the whole of Latin America, as well as all the young independent states, are the objects of U.S. aggression. When the Chilean press exposed the sinister "Camelot Plan" of U.S. aggression on the continent and beyond its confines, Washington spokesmen hastened to announce that the government had shelved it. The facts however show that this plan is gradually and fairly actively being realized.

The Pentagon and the Administration are



seeking to establish direct control over all the regular and irregular forces on the continent in various ways: through the Inter-American Defense Junta, the Central American Defense Council, regional "defensive" pacts such as the South Atlantic Defense Treaty; by holding joint sea ("Unitas") and land maneuvers ("Ayacucho" and "San Lorenzo") in Argentina; through the agreement on standardization of armaments, coordination of the political police under the FBI; by establishing missile bases and bases for tracing artificial satellites; by promoting the activity of the "Peace Corps," etc.

Under their direction a new campaign of anti-democratic repressions and MacCarthyism has been launched throughout Latin America — from Mexico and Guatemala to the Argentine. The purpose of the campaign is to bolster those governments wholly dependent on the United States and which act as their agents (for example the governments of Venezuela, Guatemala, Salvador, Nicaragua and Paraguay), and also to prepare coups in the countries whose governments cannot guarantee, either because they have lost prestige or because of their vacillation, that they will be able to contain the struggle of the masses (for example in Colombia, Argentina and more recently in Peru).

The repressions are most brutal and inhuman in the countries where armed struggle is being waged. Thus in Colombia, Venezuela and Peru military operations are carried out against peasant areas on the pretext of fighting the guerrillas; unarmed peasants are shot down, napalm is used, villages are pillaged and burned. Imprisonment and torture are common. The U.S. imperialists and their Latin-American accomplices can boast of the fact that in this respect they have really reached "new frontiers"; in Venezuela people are no longer arrested but simply assassinated; in Peru the death sentence has been introduced for aiding guerrilla detachments. But even in the countries where there is no guerrilla warfare repressions have been intensified as, for example, in Bolivia where the government used troops to shoot down miners, and in Argentina where the homes of Communists and democrats have been raided and hundreds of people thrown into prison. Similar repressions threaten Uruguay. Its National Council recently introduced "emergency security measures."

These repressions are part of a single imperialist plan. The underlying idea of the plan, which is directly connected with the resolution adopted by the House of Representatives, is to create an "inter-American" armed force capable of acting in any country of the

hemisphere where the people are fighting for freedom and national independence. To this end the armed forces of the different countries are being ideologically primed according to the concept "counter-revolutionary war" and the "internal front," or, as it is now called, the "ideological frontiers" concept. According to this concept war today must be waged not between states, but between "communism," on the other hand, and the "free world" (North American style), on the other. In other words, the "enemy" will be the working class and the entire people, and not one or another state. Hence the mission of the national armed forces will no longer be that of defending the frontiers of their country but of suppressing the struggle of the working class and the people in their own country or in any other country of the continent, and of preserving the reactionary governments and U.S. domination. The armed forces are, accordingly, being trained to wage "anti-guerrilla warfare," to seize factory or trade union premises allegedly occupied by workers, to disperse demonstrations, etc. It is clear that the object is to create, with the help of the Latin-American armed forces, a perfectly coordinated military apparatus subordinate to the Pentagon and serving as an instrument of its domination.

This apparatus, presently in the making, was not in a position to take timely and effective action at the time of the events in the Dominican Republic. Fearing a decisive victory by the constitutionalists, the United States decided to intervene directly with its own troops thus appearing before the world as the obvious aggressor. It was then that the question of creating an inter-American armed force was raised in the OAS. This it will be recalled, met with the vigorous opposition of all the Latin-American peoples and with the more or less undisguised resistance of several governments. Only in a few cases did governments venture to send troops to the Dominican Republic to aid the U.S. Marines.

However, the U.S. imperialists are not abandoning their aims. What they could not achieve immediately they are now trying to achieve gradually. Hence the integration of the armed forces of Central America under the Central American Defense Council; the military agreement between General Onganía (Argentina) and General Costa da Silva (Brazil) which is directed not only against the people of these countries but also against the people of Uruguay and Chile; the mutual assistance talks between the governments of Venezuela and Colombia. In other words, the growing resistance of the peoples and of some governments has not as yet checkmated



the idea of creating an "inter-American force."

The resolution of the U.S. House of Representatives is designed to accelerate realization of this imperialist idea. Moreover, the United States has not only announced its intention to intervene unilaterally in any country of the hemisphere but is encouraging all military regimes to do the same, assuring them in this event they can depend on its goodwill and support. In short, the U.S. imperialists want to kindle the flames of war between the Latin-American countries.

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Bitterly resenting the resolution adopted by the House of Representatives, the peoples are raising their voice in protest. Numerous political, trade union and other mass organizations of Latin America and of other countries have flatly rejected it. So have the governments and parliaments of the continent. After acquainting himself with its contents Oscar Pinochet, Deputy Foreign Minister of Chile, stressed that "the Chilean Government's decision that non-intervention and the right of peoples to choose their own form of government constitutes the foundation and support of the inter-American system, remains valid."

The Colombian Congress approved a counter-resolution which states: "We express our surprise at the resolution of the House of Representatives which is a return to the bad old times of Yankee imperialism against which the Latin-American countries fought . . . We will have no return to the policy of the 'big stick,' and solemnly proclaim our allegiance to the principle of non-intervention in the internal affairs of other states."

The Chamber of Deputies of Peru stressed that the resolution approved by the House of Representatives "seeks to make unilateral armed intervention, without consultation, a principle of inter-American policy."

Senator Manuel Tello, Minister of Foreign Affairs of Mexico, declared: "Mexico's position regarding the principle of non-intervention remains unaltered. We do not accept individual intervention."

In Argentina a group of Peronist deputies submitted a motion denouncing the aggressive decision of the House of Representatives, a decision which, the motion states, "is a direct violation of the principle of non-intervention, which is the basis of self-determination, injures existing agreements and is an insult to the feelings of mutual respect and solidarity of the peoples of America."

Even the Leoni Government in Venezuela was compelled to state, through its Minister of Foreign Affairs, Ignacio Iribarren Borges, that it could not support the resolution since it was contrary to the Charter of the OAS. The Venezuelan parliament expressed itself even more strongly. Similar statements were made by the President and Chamber of Representatives of Costa Rica.

The resolution was categorically rejected by the Latin-American parliament, especially convened by its President Leon, member of the Argentine Chamber of Deputies, to discuss the matter.

UNO, too, will undoubtedly express its opinion of the unprecedented fact when one of its members, placing itself above all the United Nations, takes an openly aggressive step in violation of international law.

The realization is growing in the world that the resolution adopted by the House of Representatives on September 20 *implies a declaration of colonial war by the United States on the countries of the continent. In the face of this it is therefore imperative that not only revolutionaries but all patriots unite, bury their differences which, no matter how important they may be, must take second place in this emergency, and fight together against their common enemy—U.S. imperialism and its accomplices.* Once they are united and fight with the determination displayed by the Cuban and Dominican peoples, they will be able to stop the aggressor, defeat his agents and finally secure their independence and national sovereignty and at the same time make an important and essential contribution to the cause of peace and social progress throughout the world.



# ***School of economic management for working masses***

Trade unions in Soviet society

VICTOR GRISHIN

THE MEETING OF THE Central Committee of the CPSU, held in September, which examined the question of improving industrial management and planning and providing greater economic stimuli for industrial production, was a big event in the life of the people. The deliberations and decisions of the meeting reflected the extensive work undertaken by the Party to improve the methods of economic management. The Party is making a deeper study of economic relations in our society with a view to the correct application of economic laws and fuller utilization of the vast possibilities of planned socialist economy in the interests of the people.

As we know, the previous meeting of the Central Committee, in March, occupied itself with the basic problems of agriculture, and it can be said with full confidence that the ground has now been cleared for a big advance by agriculture.

In drafting measures for the further advance of industry, the Party is guided by the fundamental interests of the working people. And there is no doubt that the new measures will produce the desired results.

The new system of management is designed to broaden democratic principles of administration, to ensure greater participation by the people in managing industry and in influencing the working of the enterprises. It will, moreover, encourage initiative by the workers in the factories.

## **1.**

The Party proceeds in all its activity from the Marxist-Leninist premise that it is the masses who make history. Implicit in this premise is the historical mission of the working people,

and primarily the working class—the struggle for fundamental social change.

But the making of history by the masses is not a spontaneous process governed by chance, it presupposes conscious purposeful activity guided by the Marxist-Leninist Party. An important role in rallying the people around the Party and in developing their initiative is played by the mass organizations. The significance of these organizations is greater than ever now that the people are building Communism. It is a Party axiom that the grander and more complex the tasks of reconstruction, the more necessary it is to rouse the masses and set them in motion, to organize and inspire them, and to direct their will to victory. The Party carries out this task with the help of the Soviets, the trade unions, the Komsomol and other mass organizations.

A prominent place in the system of socialist democracy, and indeed in the entire life of our society, is occupied by the trade unions, the biggest organization in the country, uniting more than 75 million factory and office workers. With the establishment of Soviet government, the trade unions became organizations of the class in power. They are not, however, government organizations. Lenin's definition of the role of the trade unions in Soviet conditions as an education medium, a school of communism is well known. Returning time and again to this question, Lenin elaborated his idea by explaining that the trade unions are a school—a school of unity, of solidarity, of safeguarding working class interests, a school of management, of administration.

It was on the basis of these principles, confirmed by the experience of socialist construction, that the Communist Party defined the



role and tasks of the trade unions in the period of building Communism. It holds that the significance of the trade unions as a school of communism will be greater than ever. The unions are called upon to participate actively in the struggle to build the material and technological base of Communism, in the evolution of communist social relationships and the moulding of the new man. One of the tasks of the unions is to rally the masses to ensure the rapid growth of the economy, to raise productivity of labor, participate in drafting and carrying out plans, in exercising control over production and consumption, and to help their members master the art of state and public administration. It is the prime duty of the unions to concern themselves constantly with promoting the welfare of the working people, improving cultural and public services, safeguarding the rights of the workers and educating them in the spirit of Communism.

Such in brief are the program directives of the Party by which the trade unions are guided in determining their own tasks. In their multifarious activities aimed at organizing and training the people for active participation in building Communism, the unions do not adhere to a beaten path. They are constantly searching for new forms and methods to ensure the successful solution of the tasks.

The Soviet trade unions, like those in the other socialist countries, opened a new chapter in the history of the international trade-union movement. When power belongs to the working people, when the government stands guard over the interests of the masses whose welfare is its prime concern, the functions of the unions acquire a fundamentally new content, embracing every aspect of the life and work of the people. Moreover, the laws of the socialist state give the trade unions extensive rights which guarantee them a big share in all the affairs of society.

Although the trade unions in all the socialist countries have common aims and are guided by the same principles, they employ a variety of forms and methods in their activities, exchanging experience gained in drawing the workers into the management of industry and on similar questions. The efforts of the unions in the socialist countries are concentrated on promoting production as the basis for improving the lives of the workers. Much of their work is devoted to organizing and educating the masses, encouraging initiative in building the new life, promoting the economy and culture, and raising the standard of living.

In this article we propose to give some idea of what the Soviet trade unions are doing to advance the socialist economy, improve the living standard of the working people, and draw the masses into the management of industry and the administration of the affairs of society.

## 2.

Planned proportional development of the national economy is one of the principal advan-

tages and one of the laws of the socialist system.

The Communist Party, the government and economic bodies are constantly working to improve the management of industry and agriculture, with particular emphasis on planning. The purpose of socialist planning is to ensure the most rational and effective utilization of all the natural, material, financial and labor resources of our country with its 230 million population, of all the opportunities for creating the material and technical base of Communism and promoting the welfare of the people.

Building Communism presupposes all-round promotion of democracy in management while consolidating and improving centralized state guidance. As is noted in the decisions of the Party, plans and proposals submitted from below should play a growing role in planning, there should be more and more direct participation by the trade unions, i.e., by the workers, both centrally and locally, in drafting and implementing economic programs.

Participation in the planning is an important function of the trade unions. The drafting of the plan begins directly in the factory or on the construction site. The union committees in the enterprises enlist the cooperation of the workers in drafting the plans. Together with the managements the unions sponsor campaigns to assess production reserves and solicit proposals for the draft. This helps to ascertain more fully the possibilities for expanding output, improving quality, raising labor productivity and increasing accumulations.

Suggestions for the draft are made by the permanent commissions of the factory trade union committees, local branches of the scientific and technological society and the All-Union society of investors, production conferences and meetings held in the departments. The local and central press, too, takes an active part in this work.

Draft plans compiled on the basis of these suggestions are examined by the permanent production conferences, general meetings or conferences of the workers and by the factory committees. No draft plan can be submitted by an enterprise to the higher economic bodies unless it has been examined by the factory collective.

During the drafting and discussion of the plans for 1964 and 1965, the final years of the current seven-year plan, the collectives of many enterprises suggested considerable amendments to the indices planned for this period several years ago. In the course of working on the plan, possibilities were revealed which could hardly have been foreseen at the time the original target figures were compiled. In Gorky, for example, the workers in a milling machine plant brought to light reserves making it possible to exceed the projected output by 50 per cent. Many similar examples could be cited.

The enterprise plans are added up and coordinated on the scale of the region, territory



or union republic by industries and integrated in a national plan by the economic bodies. At each stage the drafts are examined by the corresponding local and central trade union bodies, including the All-Union Central Council of Trade Unions (AUCCTU) at the final stage. Every trade union submits its proposals on the draft plans. For example, the Presidium of the AUCCTU submitted to the government more than twenty suggestions on the draft national plan for 1966 relating to production, transport and communications, labor productivity, raising living standards, housing and cultural construction, and labor protection. The Government and the economic and planning bodies give careful consideration to the suggestions made by the trade unions and examine these proposals together with the unions.

Trade union participation in planning production is based on the principle that the national-economic plan should, above all, reflect the interests of the state as a whole, that it should combine the initiative of the local and central organizations with the scientifically substantiated findings of the planning bodies; growth of production and higher labor productivity, with a steady rise in living standards.

In this way the unions are instrumental in revealing and placing at the service of society reserves of material production which are the foundation for a higher living standard. All the greater, then, will be the role of the unions in this respect in the new conditions when many planning indices are worked out and approved and projects for expanding production and introducing new techniques outlined directly in the enterprises. Experience has shown that the direct participation of the people in drawing up the national plan multiplies its effectiveness and is a guarantee of its successful fulfilment.

### 3.

Fulfillment of state plans, technical progress and higher labor productivity are in the focus of attention of the unions. One of the principal methods used by the unions to stimulate the working people and bring them into the management of production is socialist emulation.

Socialist emulation is organized and directed by the unions jointly with the economic bodies. Together they work out the conditions of the competition, assess its results and reward the winners.

All production enterprises take part in this movement. It usually begins with the workers pledging — either individually or collectively — to exceed plan targets, improve on economic indices, and so on. In a sense this is a continuation of planning, but here the planning is done at the point of production, where the possibilities of its effective execution are more clearly evident.

In many cases the assumption of commitments is accompanied by organizational and technical measures guaranteeing their fulfil-

ment. This is done by the workers themselves with the assistance of experts. It is here on the factory floor that the worker has the best opportunity to display his initiative.

The workers themselves regularly check up on the fulfilment of the socialist emulation pledges. In this way they are able to exert a direct influence on production. Valuable experience is gained in the process of verifying the emulation at trade union and general meetings, as the workers spotlight shortcomings and suggest ways of remedying them. This is an effective form of participation by workers, engineers and technicians in solving production problems and exercising control from "below."

At many enterprises the progress of the emulation is registered daily, a method that has a beneficial effect on the organization of production and the fulfilment of the socialist emulation commitment. In other cases the results are summed up once in ten days or once a month. The publicity given to the movement through the press and radio and other media, the regular tabulation and display of the results of the competition focus the interest of millions on the affairs of their enterprises.

"It is only Socialism," Lenin said, "which by abolishing classes, and consequently by abolishing the enslavement of the masses, for the first time opens the way for the emulation movement on a really mass scale. And it is precisely the Soviet form of organization, in passing from the formal democracy of the bourgeois republic to the real participation of the mass of the working people in *administration*, that for the first time puts emulation on a broad basis."

Public recognition of labor effort is a source of profound satisfaction to the Soviet worker, it gives him a sense of pride in his achievements and lends dignity to his calling.

But there are also incentives in the shape of premiums awarded to the enterprise and its workers who make the best showing. The amount of the award varies, depending on the number of workers and the branch of industry involved. The sums are generous. In the case of smaller enterprises they are used for bonuses to individual workers; at larger enterprises 30-40 per cent of the award money goes for improving cultural and welfare services, including housing, kindergartens, creches, etc., the rest—for individual bonuses.

The movement of shock workers in Communist labor teams marked a new and higher stage in socialist emulation. The rapid spread of this movement is evidence of the growing political consciousness of the working masses, of their desire to learn to work and live in the communist way. A feature of this movement is that it combines struggle for a higher productivity of labor based on the latest scientific and technological achievements with the education of the new man.

Embracing all aspects of people's lives — work, study and way of living — this higher form of emulation should contribute in large



measure to erasing the essential differences between mental and manual labor. At the root of this movement lies the Leninist principle of collectivism, the principle of "all for each and each for all," which is increasingly becoming the standard of behavior for Soviet people.

More than 32 million men and women — workers, engineers, technicians, economists and researchers — take part in the shock brigades and Communist labor team movement.

An index of the desire of the people to work in a Communist way is the growing number of worker-inventors and rationalizers. More than six million workers belong to the Society of Inventors and Rationalizers and to other scientific and technical societies. When the present seven-year plan was launched, in 1959, the members of these societies pledged to work out and apply in industry efficiency ideas netting the economy a saving of 10,000 million rubles. This target has been reached ahead of schedule.

These enthusiasts have set up at the factories thousands of designing and technological, economic analysis and technical information groups as well as research centers and laboratories, so-called innovators' councils, rationalization teams, etc., whose members devote their spare time to technical, economic and managerial problems of interest to themselves and of value to the enterprise.

The most widespread form of workers' participation in management is the production conference, now a regular feature of factory life. These conferences, held in every enterprise, construction site, transport organization, state farm, and also in the big workshops are representative bodies. Three-quarters of the members are workers elected at union meetings in the given enterprise. The management, the factory committee, Party and Komsomol organizations as well as the society of Inventors and Rationalizers are likewise represented. Besides the elected members, many workers attend these conferences.

The conference is held regularly and examines the current production problems of the given enterprise. At one of the meetings of the production conference in the Nevsky Machinery Works in Leningrad for example, the manager reported on the results of the past year. He told the meeting that measures recommended by the production conference in this period had helped to ensure smooth running, reduce production losses, and increase profit, which had been eight per cent higher than planned.

In 1964 more than 125,000 regular production conferences functioned in Soviet enterprises. They took up some 800,000 questions relating to production and administration, and were attended by a total of over 31 million workers who made over 1,500,000 proposals and suggestions.

Under the new system of management the unions will be called upon to redouble their efforts to heighten the communist conscious-

ness of the workers, develop their initiative, work persistently to raise labor productivity, strengthen labor discipline, and devote more attention to providing better conditions for the workers.

To ensure technical progress and the steady advance of industry we must search for the most effective ways of stimulating initiative of the masses in the sphere of labor and technology, in order that the unions may best fulfill their function as a school where the workers could learn to run their factories efficiently and well, and to acquire a Communist attitude to life and work.

#### 4.

Success in building Communism depends in large measure on the correct use of methods of developing the productive forces of the country, the employment of both moral and material incentives as applied both to the individual worker and to the collective as a whole. The Party proceeds from the Leninist proposition that the building of Communism should rely on the principle of material incentives. As Lenin pointed out, it should rely "not on enthusiasm alone, but — along with the enthusiasm engendered by the great revolution — also on personal interest, personal incentive and economic expediency . . ."

In socialist society people have a social incentive to work well — they know that their labor contributes to the growth of social production which is the foundation of the steady rise in the standard of living of the nation as a whole and of each individual member of society. There is also the group incentive, since the welfare of the workers of a given enterprise, their wages, bonuses, cultural and welfare facilities, etc., depend in large measure on the overall performance of the enterprise. Under the new system of management the group incentive will be considerably greater.

The remuneration of the worker in accordance with the quantity and quality of his labor is the most direct incentive. In our country, naturally, much attention is paid to the wage system, with a view to increasing the stimuli to better work, stricter observance of the socialist principle in the distribution of the amenities of life among the members of society, and ensuring higher labor productivity. This is an important sphere of trade union activity.

Describing the Soviet trade unions as a school of management for the workers, Lenin at the same time pointed to their function as a defender of the interests of the working people. In the Soviet state where the power belongs to the workers, where the means of production are in the hands of the working people, economic class struggle, which was formerly one of the basic functions of the trade unions, has ceased to exist. In socialist society there are no exploiting classes, all members of society — the worker and the manager alike —



are equally interested in developing the productive forces of the country and raising the standard of living. Whatever disputes or conflicts might occur between workers and management they cannot be of a class nature, inasmuch as both workers and managers are employees of a publicly-owned enterprise and have a common objective, namely, to fulfil the state plan and increase output in the interests of all.

Conflicts or misunderstandings between workers and management can only be caused by ignorance or unwitting infringement of the labor laws and fixed wage scales, although there can also be deliberate violations of the rules by individual managers. Lenin was referring to this when he wrote in 1922 "... as regards the socialized enterprises, it is undoubtedly the duty of trade unions to protect the interests of the working people, to facilitate as far as possible the raising of their material well-being and constantly to correct the blunders and excesses of the business organizations resulting from the bureaucratic distortions of the state apparatus."

The laws of the Soviet state afford the unions favorable conditions for protecting the interests of their members, and for ensuring the steady improvement in their well-being. The unions are invested with wide powers in this respect.

A prime concern is remuneration of labor. The unions have a direct part in planning and adjusting wages and working out systems of remuneration including bonuses. Their basic premise is that the ground for wage increases should be prepared by the growth of labor productivity, which, as Lenin pointed out, is the most important condition of the triumph of the new social system. The unions help to introduce technically substantiated output norms, and exercise control over their adjustment to technological standards, mechanization, over the correct enforcement of systems of remuneration.

The unions have a direct say in the accumulation and disposal of the sums from the public consumption fund allocated for education, health services, social security benefits, pensions, etc.

The managements decide all matters pertaining to payment for labor in agreement with the local trade union committee. These questions loom large in the collective agreements concluded between the managements of enterprises and the respective factory trade union committees representing the workers. Union bodies enlist the help of hundreds of thousands of activists in attending to questions of wages.

In recent years wages have been readjusted and raised with the active participation of the unions. This was accompanied by reduction of the working day to six and seven hours.

Together with the central committees of the respective unions, the State Committee on Labor and Wages functioning under the Council of Ministers has drafted new patterns for remuneration — wage scales for workers and

salary ratings for engineers and technicians as well as clerical workers, guidelines for bonuses and other projects. These were then submitted to economic bodies, trade union councils and branch committees, and to the personnel of the enterprises for discussion.

After amendment in accordance with suggestions made locally, the drafts were submitted for approval to the Council of Ministers and the Central Council of Trade Unions. In many industries the new wage patterns were introduced at a few pilot plants. The results of such experiments were then thoroughly examined by the Central Council and the central committees of the unions concerned together with the local trade unions. In this way remuneration was placed on a sounder footing throughout the industries concerned.

Wage adjustments and increases provided added incentives to fulfilment of production plans, increasing productivity of labor and reducing costs, and improving the quality of goods and services. Discrepancies in remuneration of labor in different industries were abolished, and this made for fuller implementation of the principle of equal pay for equal work. Wages have been adjusted according to areas, taking into account the particular natural, climatic and economic conditions in various parts of the country.

As a result of adjustments, the average wages in the key branches of heavy industry increased in the coal industry, for example, by 37 per cent, in the chemical industry, by 16 per cent, and so on. Wage disparities have been reduced with considerable increases for the low-paid categories of factory and office workers. Wage gaps have also been reduced by exemption from taxation for persons receiving 60 rubles or less monthly and the reduction of tax rates on wages under 70 rubles. The wage increases were covered by substantial additional state allocations.

However, further improvements in the sphere of wages remains on the order of the day for the unions in line with the constant progress in the techniques and technology of production and organization of labor. New tasks emerge also as regards improving quality and increasing output. All this calls for constant examination of questions relating to remuneration, the introduction of improved methods of measuring the expenditure of labor and raising its efficiency, and thereby increasing returns from social production as a whole.

The principal instrument for adjusting wages according to the quality of labor and the conditions in which it is performed is the fixed wage scale which forms the basis of the centralized regulation of remuneration of labor according to industries and zones. The fixed wages and salaries can be changed only by the government jointly with the Central Council of Trade Unions. But within the framework of the overall wage scale the local trade unions conduct extensive activities to ensure its proper use as a regulating and stimulating factor. For exam-



ple, the management of an enterprise, in agreement with the factory trade union committee, determines the trades and skills needed, how they are to be paid — at time rates or piece rates, or at rates for heavy work and work harmful to the health — as well as scale ratings of the different jobs and skills.

Output norms are important factors making for higher productivity of labor. The work done in the enterprises to improve the organization of labor and production and to introduce new technology ensures the growth of labor productivity which is the point of departure in revising output norms. This revision is done by the management and must be endorsed by the factory committee. Moreover, such readjustments do not signify any loss of earnings for the worker; on the contrary, in most cases their wages go up.

The union committees encourage the workers to take part in discussing output quotas. In recent years wide currency has been acquired by such forms of workers' participation in this sphere as voluntary work to reveal ways and means of increasing productivity of labor and to submit suggestions for replacing obsolete norms with the new ones corresponding to the actual technical standards of the enterprise. At present some 400,000 people take part in 54,000 volunteer groups throughout the country.

The role of diverse incentive systems of payment facilitating the solution of urgent production tasks is steadily growing. We are referring primarily to bonuses. The principles of awarding bonuses are elaborated with the participation of the local and central committees of trade unions and endorsed by the Council of Ministers Committee on Labor and Wages and the Central Council of Trade Unions. On the basis of these principles the managements in agreement with the factory committees decide on the amount of the bonuses according to trades and categories of engineers and technicians, taking into account the specific features and problems of the given plant.

In the new conditions of management the funds set up at the enterprises for providing incentives in the form of premiums and for financing social and cultural measures and housing construction, mentioned above, provide addition stimuli. The trade unions have a say in the allocation of these funds and in awarding the bonuses. It is the task of the union to ensure, together with the economic bodies, the proper application of incentives.

Price levels for consumer goods and services are likewise of prime importance from the standpoint of providing material stimuli. The views of the Central Council of Trade Unions are taken into account by the government in fixing and correlating prices, as are the views of the local trade union councils by the local authorities in setting local prices. Trade union bodies and activists pay close attention to developing the system of distribution in order to ensure fuller satisfaction of the requirements of the people.

Income of the working people is augmented from the public consumption fund, including the state social security system. These funds make up a substantial part of the real income. Real income in 1964 per worker was 2.2-fold the 1940 level.

In many cases the quantity and quality of a person's labor (seniority, total earnings, etc.) are directly or indirectly taken into account in distributing the public funds. This provides an additional incentive.

From the foregoing it can be seen that questions pertaining to remuneration of labor, price regulation, improvement of the distributive system and the use of public funds — all of which have a direct bearing on the vital interests of the workers — occupy a prominent place in the activities of the trade unions. These are the daily concerns of the trade unions as organizations called upon to uphold the interests and rights of the working people.

## 5.

The multiform, diversified activities of the Soviet trade unions extend far beyond the areas discussed above. They embrace practically all spheres of building communism. This activity is conducted by all 75 million members and primarily by 33 million activists of the unions. The latter, members of trade union bodies or their subcommittees, are the moving spirits in organizing mass work in the factory, in recreational and educational activities, public control over labor protection measures and in the functioning of the trade network; they take part in production conferences, in organized free-time activities to promote technical progress, etc. One in every two or three trade union members has a social assignment, thus learning in practice to administer public affairs.

The Communist Party and the Soviet government seek in every way to broaden the rights of the trade unions, to improve their activities and to enhance their role in building Communism.

For many years the unions have directly administered the state social insurance and have been empowered by the Government to exercise control over labor protection and enforcement of labor laws. The extensive rights of the unions in these areas enable them effectively to combat violation of laws and regulations.

In addition to their functions the unions conduct educational and recreational activities among the people on a large scale.

Needless to say, there is still room for improvement in the work of the unions to enlist the people in management and in administration. There still are problems to be solved. Despite the wide powers and rights vested in the unions, not everywhere are these rights used fully or competently enough.

There still are trade union committees and councils which do not have a deep enough grasp of the economic aspect of production and do not play a big enough part in planning and



tapping reserves. Not all of them make full use of their rights in the matter of improving the organization of labor and production, of providing better conditions for highly efficient work. There are also shortcomings in organizing the emulation and in the Communist Labor Team movement, in drawing the workers into the management of the enterprises. The Central Council, the central committees and councils of trade unions and all local organizations are striving to overcome these shortcomings.

The activities of the trade unions as a whole reflect the line of the Communist Party aimed at all-round promotion and perfecting of socialist democracy, at stimulating in every way the initiative and political and labor activity

of the masses, at enlisting all citizens in administering the affairs of state, guiding economic and cultural upbuilding, at improving the work of the machinery of state and controlling its functioning. This is the principal trend in the development of socialist statehood during the period of the building of Communism. And all the activities of the trade unions are designed to promote this trend.

Under the new system of management the unions have greater opportunities to give full rein to the constructive energies of people. By perfecting their activity as schools of management, schools of administration, they will multiply their contribution to the cause of building Communism.



# ***The objective character of economic laws under socialism***

NIKOLA POPOV

OF LATE CLOSE attention has been paid, in economic literature in Bulgaria and other socialist countries, to correct utilization of the economic laws of socialism and their interaction. The interest in this complex problem is by no means academic; it has its source in experience and in the work carried out by the Communist and Workers' parties in the socialist countries to enhance the well-being of the people.

The widespread interest is also due to the fact that in the recent past the role of some economic laws, especially those operating both in a society founded on class antagonisms and under socialism, had been underestimated and their operation was at times totally rejected. The contention was that since the nature of the production relations under socialism differs basically from that of the production relations of the preceding social formations, any continuity whatsoever in the operation of one or another economic law is ruled out.

Mistakes were also made in examining the interaction of the requirements of the economic laws: sometimes the operation of a particular law was seen in isolation from that of other laws.

This approach, both in theory and in practice, led among other things to the fact that the results of conscious utilization of these laws were often below the possibilities offered by the national economy.

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The classics of Marxism-Leninism demonstrated that laws of social development are objective and independent of the will of people. Given certain objective conditions, the operation of economic laws corresponding to those conditions is inevitable.

At the same time the experience of building socialism in Bulgaria and in the other socialist countries shows that recognition of the objective character of the laws of social develop-

ment should not become a fetish or lead to the view that people by their conscious and purposeful activity cannot influence social development. It is precisely because of this that in socialist society, in which the principal levers of the economy are publicly owned and state power belongs to the people, it is essential to make a deep analysis of the processes of economic life and, by throwing light on economic laws, actively to direct economic development in keeping with the requirements of these laws.

The better and more fully the economic functioning of the socialist society takes cognizance of and utilizes the requirements of the economic laws the better will the results be. And on the contrary, when the objective character of economic laws is underestimated, the result is voluntarism and subjectivism in tackling economic problems, and a negative effect on practical activity in planning and managing the economy.

The progress made by Bulgaria in laying the economic foundations of socialism shows that economic laws were taken into account. The mistakes that were made and the shortcomings that existed were due to the fact that not infrequently the objective character of economic laws was underestimated and they were not fully observed. For example, because the operation of the law of value was not properly reckoned with, subjectivism prevailed in price formation.

Excessive centralization and administrative methods in economic management also hampered the proper utilization of the economic levers. This tended to curb the initiative of the working people, the independence of the production collectives, made it necessary constantly to modify targets, and ultimately, adversely affected the development of the economy as a whole. This was one of the reasons why a certain disproportion appeared between the development of animal husbandry and crop-growing in Bulgaria's agriculture.



Because of the lag in agriculture the national economic proportions were violated, resulting in slower accumulations and, consequently, in slowing down expansion of the country's productive forces.

Experience has shown that economic development can be retarded also when the requirements of the law of planned, proportionate development are ignored. For instance, in Bulgaria provision was not made for an adequate rate of growth in heavy industry, engineering in particular. As a result a relationship arose between development of Department I (production of the means of production) and Department II (production of consumer goods) which slowed down our overall development. The steps taken by the Party after the meeting of the CC BCP in April 1956 to abolish the disproportions have been instrumental in accelerating the growth of heavy industry.

The socialist state endeavors to make the maximum use of the requirements of all the economic laws of socialism. A one-sided orientation and taking into account the operation of only definite laws can have undesirable consequences for the economy. For example, the desirable proportions between Departments I and II can hardly be obtained in this case unless account is taken of the need for priority development of production of means of production or of the need for increasing social production as a whole.

Or, another example. Is it possible, in determining the expediency of producing one or another commodity, to be guided only by the requirements of the law of value and to take into account simply the immediate socially necessary expenditure of labor involved in its production? In our opinion, this would not be quite correct. In each case it is necessary to take into account the role of the commodity in the reproduction of the social product. If planned development of social production as a whole is disrupted or its growth arrested without such a commodity, and the latter cannot be imported either generally or on terms advantageous to the country, then production of the given commodity is economically effective and necessary even if the level of labor expenditure is high.

Thus, steel production was launched not long ago in Bulgaria, even though the iron content of the available ore is relatively poor. For this reason expenditure of social labor per ton of steel is higher in our country than in some industrially developed countries. Does this mean that we should stop making our own steel and buy it abroad? Our country cannot obtain the necessary amount of steel through foreign trade, primarily because it is in short supply in the socialist camp; steel output on the scale of the socialist world system, although rapidly rising, still does not satisfy the growing demand; secondly, Bulgaria cannot get steel in the necessary quantities in the capitalist market either, primarily for political reasons. A way out could be sought in co-

operating with other socialist countries in building iron and steel works in those countries where it is economically more advantageous, so as to use the funds saved for other branches. But so far cooperation of this kind has not been sufficiently organized for some reason or other. And so we are building our own capacities for production of ferrous metals. At present work is under way on a big iron and steel plant near Sofia which, when completed, will meet most of our needs for ferrous metals.

From the foregoing it follows that the operation of economic laws, including the law of value, should be considered not only from the standpoint of individual lines of production but also from the standpoint of the economy as a whole. Moreover, consideration should be given also to the possibility of the country's participation in the international division of labor, especially with the socialist countries, which is economically indispensable for the further advance of the socialist world system and corresponds to the interests of the economy of each socialist state.

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The overall impact of the economic laws of socialism on the economy and their interplay call for conscious use of their interaction, which secures the utilization of all the benefits and possibilities of the socialist system. It is common knowledge, for example, that the law of the economy of time is directly associated with the law of value, that proper utilization of their interaction ensures the steady growth of social reproduction. The same is true for the interaction of the law of value with other general economic laws of socialism, such as the law of priority development of Department I, the law of extended reproduction, etc.

The results of this interaction depend on the extent to which society utilizes in practice the objective possibilities for a greater saving of time and greater labor productivity through the system of relations between the producers, through the organization of production and the application of value categories. Experience has shown that if the relations between enterprises are built without regard to the demands corresponding to the operation of the law of value, the results cannot but be negative. More particularly this will violate the operation of the law of time economy, and those lines of production will develop which do not always and sufficiently correspond to the interests of the economy as a whole. In this case the loss of time will be particularly great in the sphere of the production of means of production.

The problem of moral depreciation of plant and equipment can be solved correctly if account is taken of the interaction of the law of value and the law of the economy of time. Under socialism, too, the steady improvement of production and the appearance of more productive techniques leads to moral depreciation



of the means of production. Unless this is taken into account in commodity production, the requirements of the law of value will be violated and the results of its utilization poorer. This will result in the manufacture of means of production of low productivity representing a higher value than the social average. In such cases the cost of the goods produced with obsolete equipment is also higher than the social average. Growth of labor productivity is retarded. This is felt particularly when selling commodities on the world market. We could cite many examples of this kind. Now, however, a solution has been found to this problem. Due account of the factor of moral depreciation and timely replacement of obsolescent equipment make for higher labor productivity and saving of time.

In analyzing the interaction of the law of value with general economic laws, one cannot but note some specific features of this process in agriculture.

The agricultural cooperatives organize their production in such a way as to obtain the biggest income. Therefore, the lines of agricultural production, the kinds of products purchased by the state and the purchasing prices envisaged in the national-economic plan, should reflect the identity of interests of both state and cooperatives, which means that the relations between them should be based on the law of value. For only in this way will it be possible to meet the requirements of the law of time economy. Otherwise blind operation of the law of value can result in waste of social labor.

Only recently purchasing prices for a large part of farm produce in Bulgaria were below cost. The cooperatives were not in a position to cover expenditure with income, their possibilities for expansion and modernization were limited and incomes of the members not infrequently negligible. Therefore expansion proceeded mainly through loans received from the state. Subsequently, a large part of the income earned by the cooperative and sunk into its non-distributable assets was actually used to pay off these loans. The cooperatives and their members lacked the necessary interest in increasing production. The overall result was that output of a number of farm products remained on practically the same level. Therefore a number of measures have been carried out in recent years, such as the abolition of obligatory deliveries and their replacement with contracts, elimination of payment in kind for the work of machine-and-tractor stations, strengthening the personal husbandry of the cooperators and, what is particularly important, raising the purchasing prices of agricultural products. As a result, income per cooperator from the socialized husbandry alone increased from 435 leva in 1956 to 752 leva in 1964, and the cooperatives and their members became more interested in producing more.

As a result agriculture is no longer a branch **working at a loss**. However, the problem of

making the production of all products a profitable undertaking has not yet been finally solved. So far it is only in crop-growing that the sum of purchasing prices exceeds the sum of production costs. Some animal husbandry products are still purchased below their actual cost.

Under socialism, as distinct from capitalism, the interaction of all economic laws signifies that the operation of general economic laws, including the law of value and the law of time economy, basically cannot be a spontaneous thing. The conscious guiding activity of society is manifested above all in the preliminary assessment of the socially necessary rate of labor outlay in the different sectors of production. It is on this basis that the national-economic plan is drawn up. On the correct understanding and utilization of the law of value and of the value categories associated with it depend the feasibility of the plan and its results. If the plan correctly reflects the interaction between the requirements of the law of value and the law of planned development, time is saved accordingly.

To explain this idea, we shall return to the roots of the disproportion between industry and agriculture. For a long time the cause was sought mainly in inadequate control over the fulfilment of the plan. In the attempts to secure the complete fulfilment of the plan, economic management was repeatedly reorganized.

However, administrative measures alone failed to overcome this disproportion. It turned out that this problem could be solved, but for this the methods of compiling the national plan had to be changed. Experience has shown that to proceed, in compiling a plan, only from the requirements of the specific economic laws of socialism (for example, planning), as is usually done, and in this way to determine the proportions between industry and agriculture, means foredooming the plan to failure. If in planning the national economy the law of value is underestimated, the objective character of the latter's interaction with the law of planned development hampers fulfilment of the plan wherever violations of the requirements of the law of value take place. To overcome these difficulties the state steps in to correct violations.

The operation of the law of value is interwoven, directly or indirectly, with the operation of the specific economic laws of socialism. Depending on how fully the requirements of the law of distribution according to work done are observed, it can be established, for example, to what extent the labor expenditure by the members of the socialist society is covered by the remuneration they receive, provided of course that the law of value is strictly observed. This shows how interested they are in increasing and improving production, on which, in turn, depend the economy of time and the growth of the social product.

Many other examples of the interaction of general and specific economic laws could be



cited. It is important to bear in mind that sound planning and the effectiveness of the economic activity of society depend in many respects on *how correctly the interaction between economic laws in socialist planning and management is understood and put to practical use.*

The lessons of the past show that the possibility of the subjective factor actively influencing economic activity is also fraught with the danger of subjectivism in economic management. Human knowledge cannot fully grasp objective reality, and even the soundest planning is not guaranteed against error. Building socialism necessitates a strictly scientific approach and economic levers so applied in the system of planning as to reduce the possibility of subjectivism to the minimum. This can be done, as experience has shown by consistent application of the principles of democratic centralism in the planning system.

At present in practically all the European socialist countries the system and methods of economic management and guidance are being reorganized and perfected. Because of this much is being said in the West that our countries are returning to the methods of capitalism. It is alleged, in particular, that democratic centralism has not justified itself in socialist economy. But this, it should be said, is wishful thinking. Centralized planned management of the socialist economy is an absolute necessity and no one is going to renounce it. This principle, deriving from the socialization of production and feasible in conditions of public ownership, enables society to utilize the advantages accruing from planning. Under socialism, centralism is realized through the activity of the state, while democracy calls for active participation by the working people in the running of economic enterprises and organizations, people's initiative, and economic independence of the enterprises without which it is impossible to make full use of the reserves latent in each sector of the national economy.

Thanks to the scientific approach to industrial management and to the active participation of the working people in compiling the national plan and in implementing it, manifestations of harmful subjectivism and errors associated with it can indeed be reduced to the minimum. Thereby society, through its conscious activity, can utilize most effectively the operation of objective economic laws.

Experience teaches that it is impossible to lay stress on only one of the two aspects of democratic centralism without detriment to the economy. If one examines the system of planning that existed until now in Bulgaria, one is struck by its excessive centralization. In practice this means that democracy did not have enough scope for development. The enterprises, even cooperative organizations, including agricultural cooperatives, have been subject to petty tutelage on the part of the higher state bodies, which strove to embrace every aspect of the functioning of the enter-

prises and organizations. The enterprises have actually been denied the right to determine volume of output, investments, assortment, wages and prices, which naturally hampered the initiative of their managers and workers. As a result, obvious incongruities often occurred in the planning. Some indices often contradicted each other, which tended to derange the economic activity of the enterprises and not infrequently counterposed their interests to the interests of the economy as a whole. This found expression, for example, in the enterprise seeking to get minimum targets, produce similar-type goods and low-quality goods, in lack of interest in technological progress, etc.

Many other examples of this kind could be cited. Let us take footwear manufacture. One of the main reasons for the overstocking of the trading network with footwear in the recent past was the excessive centralism. Producer enterprises fulfilled the plans handed down to them from the top; workers undoubtedly got the remuneration due to them and even bonuses for overfulfilling the plan. But a large part of the output did not correspond to actual consumer needs and hence could not be realized, i.e., a large part of the expended labor did not receive social recognition. This situation is explained by the fact that, in compiling plans, the link between production and consumption was violated, which runs counter to the nature of commodity production generally. At present new methods of planning and management are being experimented with in the footwear industry, and the signs are that these drawbacks have largely been overcome.

The defects in our planning did not escape the Party and the state. Measures were taken to eliminate them and some of the measures produced the desired results. But instead of putting the stress on better utilization of the objective economic laws and further extension of democracy, centralism was intensified. The number of the indices in the national plan, which determined the working of the enterprises, increased; the functions of top-level central bodies were extended; a number of new organizations was formed in the central departments and especially under the Council of Ministers; the latter's functions were broadened to such a degree that not only enterprises and organizations but even the state bodies themselves, which are called upon to guide them, were to a large extent ousted from management.

It should be stressed that during this period, too, the need for greater democracy in management was not denied. On the contrary, it was invariably emphasized that management is founded on the principle of *democratic* centralism. In practice, however, democracy in management was manifested mainly in different kinds of moral stimulation, through socialist emulation relying mainly on the enthusiasm of the working people, the role of the Party



and other organizations, etc. Nobody will deny the significance of these factors in promoting democracy in socialist construction. But, as we know, at the stage of building socialism the development of the economy rests mainly on the principle of direct material interest of the working people and collectives in the fruits of their labor. Moreover, the moral factors can play their full part only if combined with incentives. After the April (1956) meeting of the Central Committee of the Party a number of measures were taken to increase personal incentives, and definite headway was made in this respect. Experience has shown, however, that the measures taken were not sufficient. It is not fortuitous, for example, that some initiatives of the working people in improving economic activity, progressive in themselves, were not widely developed and disseminated. Unless such initiatives bring direct material advantage to the working people, they exist for some time and then disappear, giving no perceptible results to society as a whole.

In recent years the objective conditions necessitated a serious improvement in our system of planning and management. Steps have been taken, in addition to those mentioned above, to extend democracy. The rights of the ministries, some departments and individual enterprises have been extended. But genuine democracy cannot be achieved and working people's initiative and responsibility in the economic life promoted only by the implementation of these steps. In particular, the reorganization of state management by virtue of which the territorial principle received excessive priority over the branch principle, as well as measures related to management in agriculture have proved inadequate. The proper relationship between centralism and democracy cannot be achieved only through decentralization of state management. Hence, a search has started for further measures to im-

prove the functioning of the economy. A series of basic principles are being elaborated to improve planning and management, and they are now being tested in several industries and enterprises. Here pride of place is accorded to measures to ensure the correct observance and better utilization of all objective economic laws as well as a fuller application of the principle of incentives, which is decisive for the really broad development of creative activity in social production, for the truly broad development of creative activity in social production, for the truly broad development of democracy in the economy and in all social life.

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The passage of time has shown that socialist practice should be studied constantly and directed in keeping with the changing conditions under which economic laws operate. Hence also the need not only to study the essence of the operation of these laws but also constantly to improve organizational forms and methods of planning and management generally.

A paramount task of socialist society is to create the conditions which would direct and stimulate the operation of the economic laws; hence it is essential to make a deep study of their operation and to pay closer attention to their requirements. It is here that the conscious activity of society as a force creatively influencing the development of the economy along planned lines is manifested. It is towards this goal that the economic policy of our Party, which has a bearing on the entire economic life of the country, is directed. For only on this basis is it possible to ensure the ever faster growth of the social product and still fuller satisfaction of the constantly growing needs of the population.



# ***Western Europe: trends in modern capitalism***

Capitalism had its origins in Europe. Here it was born and here it took shape as a socio-economic formation. Although the United States now holds first place in the capitalist world, the economic potential of capitalist Europe taken as a whole is still considerable. Nor are the West European imperialists any less anxious than those of the U.S. to halt the world revolutionary process.

But Europe gave birth also to the modern working-class and socialist movement, to scientific socialism. Today Western Europe borders on the countries of the socialist world and is the arena of an internal struggle between capitalism and the rising forces of socialism. It is here we find one of the largest and best-organized contingents of the international working class.

European capitalism, like world capitalism in general, has passed through successive stages of development, and with each stage new conditions have emerged altering the setting of the working-class struggle for the socialist reconstruction of society. At present too, because of the expansion of the productive forces and technological progress, and also as a result of the class struggle and of the influence exerted by the socialist world system, the West European capitalist economy is undergoing far-reaching changes.

Notwithstanding the differences in specific situations in the various countries, the common feature of the West European scene as a whole is continued monopoly concentration, a process which is given added impetus by the steadily growing U.S. competition. And this is the objective soil for reactionary policies aimed at whittling down or abolishing democratic freedoms—policies designed to halt the advance of the working class and to force down its standard of living.

The changes now taking place in the capitalist economy—such as the continuing concentration of production and centralization of capital, the emergence of new forms of monopoly, the growing role of the state, the internationalization of economic life, and the trends towards integration—demonstrate the necessity of the transition to socialism.

These and other problems of contemporary European capitalism were examined at an exchange of views held last June in Rome under the joint sponsorship of the Gramsci Institute, the research center of the Italian Communist Party, and **Problems of Peace and Socialism**. The symposium was attended by Marxist economists and sociologists and by functionaries of the Communist parties of seventeen European countries, both capitalist and socialist.

Below we print the contributions made by five of the participants in the exchange—Maurice Dobb (Britain), Fernand Nicolon (France), Eugenio Peggio (Italy), Jean Pierre Delilez (France), and Ludek Urban (Czechoslovakia).



# ***Tendencies in European capitalism***

MAURICE DOBB

Economic trends in European capitalism

IT IS PERHAPS not inappropriate to begin by a recapitulation of some of the main features of capitalism (in Western Europe and in North America) since the Second World War. I cannot pretend that this recapitulation says anything new, except possibly in emphasis, since the points to be mentioned have all been the subject of previous discussion. The following summary may nonetheless serve, I hope, a useful purpose in focussing attention on some of the main issues.

In the first place it is clear the degree of concentration of ownership and of economic power has considerably increased; and with it monopolistic practices and monopolistic regulation of economic life. Today the myth of perfect competition so beloved of economists and their textbooks can be seen as the pale wraith of a mid-19th century epoch that it is — a sort of ideological “*belle époque*” that still holds minds (if a diminishing number of them) in thrall. Some of you will remember that eve-of-the-war and early-war Commission of Enquiry into the Concentration of Economic Power, under the aegis of the United States Senate. This demonstrated, *inter alia*, that 200 giant companies controlled over 40 per cent of the value produced in manufacturing industry, and 50 of the largest controlled 28 per cent of the total value. A roughly comparable post-war figure (for 1946) showed that the 113 largest manufacturing corporations owned about a half of the “property, plant and equipment” in U.S. manufacturing. I am not aware of any comparable studies of the position in subsequent years, certainly not in countries of Western Europe. (The proceedings of the Monopolies Commission in the U.K. were too slow and those of the Restrictive Practices Court too partial to afford any general picture.)

At any rate, with the plethora of “take-

over-bids” and mergers (often linked with the penetration of American capital) which have dominated the scene over the past ten to fifteen years, one’s impression is that this concentration-tendency must have advanced very greatly over the past decades. Thus monopolistic tendencies in economic policy must have increased (a fact apparent in sales-wars, advertising waste and in prices). But there is another aspect of this development of which much less is heard today in liberal and socio-democratic circles than in the decade before the war and which seems to need re-emphasis; namely, the menace represented by this monstrous concentration of economic power to democracy — the extent to which it tends to render the claims of political democracy an empty farce.

Secondly, there has been, parallel with the growth of private monopoly and concentration, the growing economic role and function of the State. In some countries, and most notably in the USA, this has been attributable in part to the growth of military expenditure in the wake of the Cold War, and the growing weight in the economy of production for military needs. But for reasons that are doubtless familiar (and which will be touched on in a moment) this is not the only explanation. In the report of Professor Pesenti and Vitello on “*Tendenze del Capitalismo Italiano*” presented to a previous conference of this Institute in 1962 reference is made to “the growing importance and new character which State capitalism in Italy has come to assume as an essential component of contemporary economic life” and to the fact that “Italy appears as the country in which the State possesses the highest proportional share in industry as compared with all other capitalist countries of Europe” (pp. 79-80).

While the State sector in the British econ-



omy covers no more than a fifth of total production (i.e., the nationalized sector), government bodies account for a substantially larger proportion of total expenditure, especially investment-expenditure (in some years accounting for between 40 and 50 per cent of gross investment when central and local government activity is included). In France the nationalized sector accounts for about a fifth of total investment in fixed capital, and the State is a shareholder in about 500 large industrial and commercial companies. Of "most countries of western Europe" in the late fifties it has been said that "about one-third of national income is at present channelled through the public sector, and government expenditures on goods and services, together with the investment of public enterprises, absorbs between 15 and 25 per cent of gross national product" (U.N. Econ. Commission for Europe, *Economic Survey of Europe in 1959*, Part III, p. 1). This is the basis for the term State Monopoly Capitalism as applying particularly to Western Europe in the post-war period. But in making use of any such label I would suggest that we need earnestly to avoid an over-simplified conception which has had too much influence in the past. What has just been said about growing economic concentration and its political dangers makes it obvious that one aspect of recent developments is likely to have been an increasing dominance of large monopoly organizations — of what the Americans used to call "Big Business" — over the State. But often the "union" or "interpenetration" of monopoly-organizations with the State has been conceived in an altogether one-sided and mechanical manner.

Obviously it is far from being *only* a matter of "subjection" or "subordination." There is also the fact that the extended economic action by State organs exercises a positive and (partially) independent influence upon the economic situation, an influence that can curb and control monopolistic policies as well serving their interests, and can sometimes, and in some degree, check the anarchy created by big-business rivalries as well as accentuating the contradictions of the general situation. The extent and upshot of these influences and effects depends, of course, on the balance of class forces and the state of political activity at any given time and place and in particular the concrete form which working class and popular political activity takes (as was, again, emphasized by the report of Pesenti and Vitello which we have already quoted). To deny this and to postulate an outcome that is somehow independent of this influence is

to be prisoner of a very mechanistic type of schematism.

Thirdly there is the striking fact that, compared with the inter-war period, and even with the pre-1914 period, countries of Western Europe have shown an accelerated rate of capital accumulation and a substantially higher rate of economic growth (measured, e.g., in terms of the annual rate of increment of gross national product or of national income). Of this we shall say something more later on.

Fourthly, there is what was at one time referred to as the "deformation of the economic cycle," unfortunately so, I believe, since the phrase has acquired misleading associations. While there have been interruptions and breakdowns of economic activity in the twenty years since the end of the war these have been overcome relatively quickly and depression-periods have been relatively short-lived compared with previous decades. Between 1948 and 1960 in Western Europe gross national product fell in "recession" periods by at most a fraction of one per cent, and only in Belgium and Switzerland fell by more than one per cent; whereas in the inter-war period it quite commonly fell by more than 10 per cent, and in France and Germany by more than 15 per cent (the USA fall, of course, reached nearly 30 per cent in 1929-31). Correspondingly the duration of such "recessions" has only rather rarely exceeded 12 months in length (with unbroken expansion periods lasting for three to four years). Most of the period has accordingly consisted of years of rising activity and of "boom." Corresponding to this there has been a relatively high level of employment, even though in West Germany and Italy there have been special factors making for a surplus of labor and a margin of unemployment. By contrast in Great Britain employment of labor has been much closer to a level of "full employment" almost continuously than in any previous period — unemployment having rather rarely gone above two per cent and at times even falling to as low as one per cent. Correspondingly, again, it has been a period of rising general price-levels (with some temporary exceptions) and of so-called "inflationary pressures"; and the economic crises have been of an "inflationary" kind rather than the "deflationary" type that was so common between the wars.

Fifthly, the postwar period has manifestly witnessed something like the crossing of a watershed in technical change. Technical innovation, associated with complete or partial automation, has been quite unusually in evi-



dence; so much so as to amount, I believe, to something of a technical epoch. It may well be that this epoch is really to be dated from the inter-war period, when the rise in labor productivity was unusually rapid, and in USA from the early and middle twenties when economists started talking about the onset of "technical unemployment." But what has happened in Western Europe since the war has evidently been a continuation, if not a *crescendo*, of this trend.

Finally one should perhaps mention what will be referred to again in what follows: that in general, and for reasons that we shall consider further, the position of the working class in the system of social relations has been strengthened in this period. As a reflection of this, and with temporary and local exceptions, the consuming power of wage- and salary-earners, if only as a result of higher levels of employment, has appreciably increased.

To illustrate in figures what has just been said under the above four or five points. Firstly, to take the rate of capital accumulation. It has been stated in a recent study (*Economic Growth in the West*) by Angus Maddison, London and New York, 1964: "It is clear that all European countries sustained a higher rate of investment in the fifties than in any earlier recorded period. Only at the height of previous booms has investment reached the levels which are now normal. Furthermore, the rate of investment rose throughout the decade in almost every country." The writer adds that "there seems to have been a distinct association between the acceleration of growth and the increased level of investment in the fifties." This is illustrated in the following table (*ibid.*, p. 76) showing gross (domestic) investment as a proportion of gross national product for three periods of this century.

**TABLE 1**  
**Gross Domestic Investment as a Proportion of GNP at Current Prices**

| (Average of years cited) |           |                  |           |
|--------------------------|-----------|------------------|-----------|
|                          | 1900-1913 | 1914-1949        | 1950-1960 |
| United Kingdom           | 7.7       | 7.6              | 15.4      |
| Italy                    | 15.4      | 13.5             | 20.8      |
| Germany                  | —         | 14.3 (1925-1937) | 24.0      |
| France                   | —         | —                | 19.1      |
| Norway                   | 12.7      | 15.4 (1914-1938) | 26.4      |
| Sweden                   | 12.3      | 15.5             | 21.3      |

The following table (*ibid.*, p. 28) shows annual growth-rates for the past decade compared with those prevailing in the 40-odd years before the First World War:

**TABLE 2**  
**Average Annual Rate of Growth of Total Output**

|                | 1870-1913       | 1950-1960 |
|----------------|-----------------|-----------|
| United Kingdom | 2.2             | 2.6       |
| France         | 1.6             | 4.4       |
| Belgium        | 2.7             | 2.9       |
| Germany        | 2.9             | 7.6       |
| Italy          | 1.4             | 5.9       |
| Netherlands    | 2.2 (1900-1913) | 4.9       |
| Denmark        | 3.2             | 3.3       |
| Norway         | 2.2             | 3.5       |
| Sweden         | 3.0             | 3.3       |

(For the USA, on the other hand, we have a higher figure for the earlier period, namely 4.3, as against 3.2 for 1950-1960.)

As regards unemployment, this has been below 2½ per cent of the labor force for most of the period in France, Netherlands, Norway, Sweden and the United Kingdom. West Germany had 4.1 per cent as an average of the decade of the fifties (for special reasons that are sufficiently familiar), but a figure which had fallen by the end of the decade to under 2 per cent. Italy had, however, as high as 8 per cent, and it has been at an average level of 4 or 5 per cent in Belgium and Denmark. Throughout the period its general level has been higher in the North American continent than the average for Western Europe and has been rising.

Growth-rates of labor productivity in manufacturing industry and construction for the decade of the fifties are given by the U.N. Economic Commission for Europe (in *Some Factors in Economic Growth in Europe during the 1950's*, Geneva 1964) as follows:

**TABLE 3**  
**Average annual percentage increase of labor-productivity in manufacturing and construction, 1949-59.**

|                |                          |
|----------------|--------------------------|
| United Kingdom | 2.2                      |
| France         | 4.3                      |
| Belgium        | 3.3                      |
| Germany        | 6.0                      |
| Italy          | 7.4                      |
| Netherlands    | 4.3                      |
| Denmark        | 2.1                      |
| Norway         | 2.8                      |
| Sweden         | 3.7 (manufacturing only) |
| Austria        | 4.0                      |

This shows that the incidence of technical change has been very uneven. There was a certain degree of association between high



growth of productivity and high growth both of employment (i.e., of the employed labor force) and of total output, although this association does not hold for all countries (for example, France had a relatively slow growth of employed labor force combined with a fairly high rate of increase of productivity). On the other hand there was a weaker association between rates of growth of output and rates of investment (as measured by proportion of gross product devoted to gross investment). Norway was the leading exception of a country with a high investment-ratio and a low growth-rate (and apparently an abnormally high marginal capital-output ratio).

If we come to the matter of explaining these phenomena of the postwar period, we are face to face with a question of fairly complex historical causation. On the one hand, one could speak about military needs and expenditures, combined with the new wave of technological innovations that we have mentioned as having acted as a stimulus to investment and hence to growth. Others have spoken of the extended role of the State, and in particular its use of novel (and stabilizing) "Keynesian techniques" as responsible for the changed course of economic events compared with the thirties. Yet again the formation of the European Common Market has been claimed by some as the main instigator of expanding trade, output and investment in the area.

I should not wish to deny that in varying degrees these factors have had some influence on the phenomena we have described; especially upon the high level of economic activity and investment and of growth (estimating, perhaps, their relative importance in the order in which I have mentioned them).

But I believe that by themselves they are insufficient, severally or conjointly, as an historical explanation (such, at any rate, as would be satisfying to a Marxist); and I believe that we need to search for a deeper explanation in changes occurring in the socio-economic basis of capitalist society in the present epoch: i.e., in the socio-economic relations which constitute the essential framework of capitalism as an historical mode of production. In this connection I would underline the fact of the appreciably stronger position of the working class in the system of social relations to which we have already alluded. This needs, however, to be seen, not just in its statistical aspect as a rise in living standards, but as a matter of political and trade union pressure and influence and potential influence; and it needs to be seen within the world context of what has been characterized as "the emergence of socialism as a world system." You may remember that the

historical resolution of the Twentieth Congress of the CPSU spoke of "the main feature of our epoch" as being "the emergence of socialism from within the bounds of a single country and its transformation into a world system" (to which it added "the disintegration of the imperialist colonial system" as "a post-war development of history-making significance"). Further to this, the declaration of the 1960 international conference in Moscow stated that "the principal characteristic of our time is that the world socialist system is becoming the decisive factor in the development of society (and) today . . . determines the main content, main trend and main features of the historical development of society." It is inconceivable that these shifts in the balance of power in the world, following in the wake of the Second World War, should not have exerted an impact on the internal functioning of capitalism, and in particular upon the balance of class forces internal to at least a number of capitalist countries. When one reflects, it becomes obvious that the world situation can have an impact in all kinds of ways, in which the strengthening of, say, working class and trade union resolution and self-confidence may be only one. The proletarian class as a whole may be much more sensitive than formerly to the appearance of mass unemployment, owing to its potentially explosive political effects. There are, indeed, many indications that this class was so profoundly shaken by the economic crisis of the early thirties in a number of countries as to fear that the structure of capitalism could not survive repetition of such an event. It has to be remembered also that, while the growth and strengthening of monopoly represents in one sense an increase in centralization of the direction of the economy, it also represents a great sharpening of the contradictions latent in the system (e.g., so-called "monopolistic competition" and conflicts between economic groups and sectors) which may be enormously damaging to the stability of the whole mechanism. Employers may be today more reluctant to engage, either severally or collectively, in extensive reductions of money wages, at the risk of provoking trade union resistance and strike action as well as deflating demand, and hence more ready to buy industrial peace by appeasing trade unions, especially if they feel that they have sufficient monopoly-power in the market for their product to pass on any money-wage concessions in higher prices. (This is not to say, of course, that "the leopard has changed his spots" and the tiger his jungle-character — that the same ruling class may not employ its traditionally brutal and aggressive methods when it feels



sufficiently strong to "get away with them" successfully.)

Another phenomenon of recent years that is manifestly connected with the "competition between two systems" characteristic of our epoch is the rise of a new preoccupation with "economic growth" in the capitalist world, amounting even to a new ideology of "dynamism" and of the innovatory role of the capitalist entrepreneur and of the big monopoly-konzern — an ideology of "neo-capitalism" about which Bruno Trentin has spoken on a previous occasion. Enough has been written about such things (I refer not only to the reports at the 1962 conference of the Gramsci Institute, but also to a work such as Theodor Prager's *Wirtschaftswunder — oder keines?*) for further elaboration of this point to be unnecessary.

So far as working class strength on the economic front is concerned, this is, in part, related to the question of employment, and here we have seen that the picture is a variegated one, and not uniform. Italy, Germany (up to 1960), Denmark and Belgium (and of course the USA) have had fairly high levels of unemployment, as high or even somewhat higher than the average level of the twenties. On the other hand, Britain, France, the Netherlands, Norway and Sweden have had low rates, below (and in the British case very substantially below) the average for the twenties. In all such countries, however, unemployment has been moderate compared with the thirties; and generally much lower than in America. In those countries where it has been low, capitalism has lacked its traditional instrument — the existence of an industrial reserve army — whereby money wages were kept down, or were reduced when their rise had encroached on surplus-value. Even where labor has been in surplus-supply, as in Italy and Germany, trade unions have sometimes been strong enough and/or demand for labor has been sufficiently keen (and rising) to maintain or even raise money-wage-rates. It is to changed conditions in the labor market such as these that I should attribute the fact that the economic difficulties of capitalism in Western Europe have been associated predominantly with inflation, and with inflationary crises, rather than with deflationary tendencies and crises as in the prewar decade. But it is with, not only this, but the wider aspects — one might say the whole range of aspects — of the competition between two systems in the contemporary

world that the growing extent and economic influence of State Capitalism, and the specific objectives that it serves, must be connected.

What then of the tendencies of the most recent years? Do they suggest that the present decade of the sixties is going to be markedly different in respect to the characteristics and the type of development of which we have been speaking?

As regards industrial expansion, this has generally continued in Western Europe since the end of the past decade, despite some interruption of activity in some countries in 1961. But in a number of countries expansion has been at a slower rate. Moreover in the last few years the condition of the labor market has been one of growing labor shortage, with unemployment falling particularly in West Germany (where it has fallen below one per cent) and even in Italy, Austria and Belgium where it had been high at earlier dates. In manufacturing industry, however, total employment in 1963 showed signs of falling. To quote the *Economy Survey of Europe in 1963* of the United Nations Economic Commission for Europe: "Labor scarcity in conditions of strong demand and full employment has become a perennial problem in most industrial countries of Western Europe, of recent origin in some, a stubborn characteristic of the entire postwar period in others . . . A slackening rate of growth of the employed labor force and a fall in the numbers employed in manufacturing were two general characteristics of the labor market in western Europe in 1963." (Chapt. II, p. 39.)

The slackening of economic growth in 1961 reduced the growth-rate to between a half and two-thirds of the relatively high level it had reached in the previous year; and it remained at approximately this level in 1962 and 1963. This level was, however, approximately the same as the average for the previous decade; so that we cannot say that the higher growth-rates of the postwar period (compared with previous decades) have shown signs of approaching exhaustion. In West Germany there has been a marked slowing-up, but Italy still (until last year) held the lead as regards growth of industrial production. There have been signs, however, of some decline in the rate of capital investment, especially as regards investment in fixed capital. The following two tables give the main trends in growth of industrial output and in unemployment since 1959.



**TABLE 4**  
**Annual Percentage Increase in Industrial Production**

|                        | 1959 | 1960 | 1961 | 1962 | 1963 | 1964              |
|------------------------|------|------|------|------|------|-------------------|
| West Europe as a whole | 6    | 10   | 5    | 5    | 4.5  | 6.6<br>(EEC only) |
| of which:              |      |      |      |      |      |                   |
| United Kingdom         | 5    | 7    | 1    | 1.0  | 3.7  | 6.5               |
| France                 | 3    | 12   | 6    | 6.1  | 4.8  | 7.9               |
| Belgium                | 5    | 6    | 5    | 5.6  | 6.2  | 6.4               |
| W. Germany             | 7    | 11   | 6    | 4.5  | 3.8  | 8.6               |
| Italy                  | 10   | 15   | 10   | 9.6  | 8.8  | 1.0               |
| Austria                | 6    | 10   | 4    | 2.3  | 4.2  | —                 |
| Netherlands            | 9    | 13   | 2    | 5.6  | 4.5  | 7.9               |
| Norway                 | 6    | 7    | 7    | 4.0  | 5.8  | —                 |
| Sweden                 | 4    | 6    | 5    | 1.4  | 2.3  | 5.7               |

(from U.N., *World Economic Survey 1961*, p. 131; U.N., ECE, *Economic Survey of Europe in 1963*, Chapt. 2, pp. 28-29; figures for 1964 from *National Institute Economic Review*, May 1965, Table 20, p. 79).

**TABLE 5**  
**Percentage Unemployed**

|                | 1959 | 1960 | 1961 | 1962 | 1963 |
|----------------|------|------|------|------|------|
| United Kingdom | 2.0  | 1.7  | 1.8  | 2.1  | 2.6  |
| France         | 1.3  | 1.1  | .9   | 1.0  | .9   |
| Belgium        | 8.2  | 6.6  | 4.2  | 3.3  | 2.7  |
| W. Germany     | 2.2  | 1.3  | 1.1  | .7   | .8   |
| Italy          | 8.5  | 7.7  | 7.1  | 3.1  | 2.5  |
| Austria        | 4.3  | 3.2  | 2.7  | 2.7  | 2.9  |
| Netherlands    | 1.7  | 1.1  | 1.0  | .8   | .9   |
| Norway         | 2.6  | 2.0  | 1.5  | 1.2  | 1.5  |
| Sweden         | 1.6  | 1.1  | 1.2  | 1.3  | 1.4  |

(from U.N., *World Economic Survey 1961*, p. 134; *World Economic Survey 1963*, II, p. 20.)

From Table 4 it is clear that in most countries (but not in Italy where the contrary movement is evident) growth-rates took an upward turn in 1964; although not to the peak levels reached in 1960. For EEC countries gross national product as a whole rose in real terms by 5.5 per cent (compared with under 4 per cent in 1963); while investment rose by 7 per cent.

Table 5 seems to indicate that technical development has not reached the stage (as it has done apparently in the USA) where it so far outruns capital accumulation in its labor-saving bias as to produce technological unemployment and an absolute decline in the

level of industrial employment. This is not to say, of course, that it may not do so in the future. As regards the capital-output ratio, there are some signs that this is still falling (as it has been in America).

Attempting to sum this up accordingly, one could say that the unexpectedly (and exceptionally) high growth-rates achieved by some capitalist countries during the fifties seem to have been due to special and temporary factors; experience suggests that they were temporary "booms" and "spurts" unlikely to last, or possibly even to be repeated. Among these special factors were the existence of elastic conditions of labor supply (i.e., of labor reserves); the influence of particular shifts of export-demand; bursts of technical innovation and re-equipment stimulating investment-activity and the capital goods sector and a 'catching-up' on war-time backlog and destruction; in certain cases also investment-expenditures and other expenditures in the State sector.

In general, however, the present decade seems to be witnessing a somewhat slackened rate of expansion; although to date the average for all countries has not fallen appreciably below the average for the decade of the fifties as a whole and there has been an upward movement again (as we have seen) in 1964. There is no sign that the general economic climate of the postwar period has changed or is likely to change at an early date, or that the general features of capitalism in the present epoch, as I have attempted to summarize them, are likely to be significantly altered during this present decade.

Another development, however, of the last few years seems to deserve special emphasis and attention: an increase of American investments in Europe. This was, of course, a feature also of the fifties; and on a smaller scale it characterized also the inter-war period. Some information about this is available for various dates from the U.S. Department of Commerce and the U.S. Treasury Department; and seven years ago the available information about American investment in British industry was summarized in a work by J. H. Dunning, *American Investment in British Manufacturing Industry* (London, 1958, Unwins). In 1929 there was a total of \$485 million directly invested in the United Kingdom, of which about 55 per cent was invested in manufacturing industry. This total was 36.7 per cent of the total American direct investments in Europe; so that the grand total for the latter was around \$1,300 million. By 1955 the total for the United Kingdom had grown to \$1,420 million; of which the proportion in manufacturing had increased to 67 per cent



(the remainder being in oil, public utilities, trade, mining, banking, etc). At the same date the total for American direct investment in Europe was around \$3,000 million.

In prewar days for Europe as a whole the largest block of manufacturing investments was in electrical equipment (25 per cent), and then (in descending order of importance) motor vehicles, machinery, metal products and chemicals. The direct subsidiary was the most popular form of U.S. capital holding (*ibid.*, pp. 43, 51-2). Since the war in the United Kingdom American investment in oil refining, in motor vehicles, machinery and chemicals has grown at the expense of public utility and mining investment. The average rate of return on capital invested in American companies in Britain was 19 to 20 per cent (*ibid.*, pp. 53, 311).

There seems to be some evidence (although I am not aware of any complete quantitative data bearing on the matter) of a sharp rise in American investment in Europe recently, and especially in the course of the last year — a sufficient increase to justify such a phrase as “dollar invasion of Europe” (a phrase given prominence, for example, by the English newspaper, *The Guardian*, in its issue of February 4 1965). Most of this took the form of direct investment in industry and commerce, including the taking-over of existing firms and factories and the setting-up of subsidiaries of American companies and plants. By the beginning of last year, it seems, the proportion of total current investment abroad that was placed in Europe had reached a quarter. But during 1964 (according to *The Guardian* of the above date) no less than 60 per cent of American capital-export went to Europe. In the case of France it was estimated that American industrial investment had approximately doubled between 1959 and 1964, having amounted to \$632 million in 1959 and \$1,250 million in the summer of 1964. This caused considerable apprehension and resentment in France, especially when it came to the penetration of American capital into technically-advanced industries: a resentment which probably has to be seen as the background of recent changes in the direction of

French governmental policy towards a more independent line in Europe and in international affairs generally and in opposition to American domination. Similar investment penetration has occurred in West Germany, but I am not in possession of any quantitative information regarding its direction and amount in recent years. Evidently in face of such trans-atlantic economic influence the West German government has been much more compliant. I think we have to pose ourselves the question whether this is the start of a phase in which American capital and American economic policies will increasingly seek to treat capitalist Europe as a dependent economic “sphere of influence” (even satellite “semi-colonial” region), in some ways analogous to prewar Nazi Germany’s treatment of southeast Europe in the thirties. If so, one must expect (I suggest) this new trend to have some significant political repercussions: in particular, a swing towards more reactionary orientations of monopoly-policies and towards more Right-wing authoritarian State-policies and political forms.

Perhaps one could conclude by mentioning three research-problems which it would seem that the labor movement of Western European countries might with advantage undertake in the near future (and I am here speaking of research at the level of what one might perhaps call “medium-term” *Konjunktur* study rather than at the immediate agitational level).

1. What new forms of international monopoly-organization, in the sense of American-dominated, Americo-European forms, are developing and in what sectors and industries?

2. What types of structural change and structural bias are such developments likely to produce; and is it likely that the influence of State economic policy and State capitalist tendencies will be to accentuate such developments or to obstruct them?

3. What are the change in the structure of the working class itself, its stratification and the character and interests of its various strata, that have been produced by recent changes?



# West European integration: trends and contradictions

FERNAND NICOLON

AFTER THE FAILURE which overtook Britain in 1958 in her attempt to get the EEC, then taking shape, to join in a broad "free trade zone," and after the establishment of EFTA in 1959, capitalist Europe found itself divided in two politically and economically opposed groupings.

With the EEC now in its eighth year and the EFTA in its sixth, it might be useful briefly to compare the development of the two groups.

First of all, it should be noted that the Six are making considerably more rapid headway than the Seven, notwithstanding the 1963-64 trend towards a more equal rate of growth. In 1958-64 overall industrial production in the EEC countries increased by 51 per cent, the national rates ranging from 40 per cent in France to 75 per cent in Italy. In the EFTA grouping, Austria, Norway and Portugal registered a 40-45 per cent increase in production, while Britain advanced only by 28 per cent.

Even more apparent is this trend in the sphere of trade.\* Trade within the EEC increased by 165 per cent, and its share in the total foreign trade of the member-countries went up as follows:

|                                      |                        |
|--------------------------------------|------------------------|
| France                               | from 22 to 38 per cent |
| Italy                                | from 22 to 35 per cent |
| Federal Germany                      | from 26 to 36 per cent |
| Holland                              | from 41 to 53 per cent |
| Belgium-Luxembourg<br>economic union | from 46 to 57 per cent |
| The community<br>as a whole          | from 30 to 42 per cent |

\*In trade the periods under examination (1958-64 for EEC and 1959-64 for EFTA) do not quite coincide. But the trends revealed by statistical data are clear enough.

In the EFTA, trade between the members of the association increased by 77 per cent, but amounted to only 22 per cent of their total foreign trade.

Trade between the EEC and EFTA countries and the rest of the world went up by 58 and 40 per cent respectively.

Although trade figures are inadequate as an indicator, the data nevertheless show that in both associations the trend is towards increasing integration, i.e., growing interdependence of the economies of the member-countries, and that the pace is more rapid in the EEC, where a much higher degree of interdependence was achieved by 1964 than among the Seven.

This was to be expected, considering that the abolition of tariffs and the lifting of bans on certain imports tend to promote trade. It is equally understandable that these stimuli should have made themselves felt more in the EEC than in EFTA, since their economic structures differ radically.

While the Common Market is fairly homogeneous from the standpoint of geography and industrial development, the same cannot be said for the free trade area. The point is that economic development and industrialization do not follow an identical pattern in all parts of the world and in all countries; they originate in zones which in one way or another enjoy initial advantages thanks to the presence of mineral or power resources or to geographical location and convenient transport routes.

Clearly, the extensive belt embracing Northern Italy, the Ruhr, Rhineland, Holland, Belgium, Luxembourg, and Northern and Eastern France, a belt rich in natural resources, with convenient transport routes,



dense population and high level of industrial development, is a zone with a strong pull towards integration.

Under capitalism the extension of such zones is a complex process attended by imbalances which not only dictate policies of reconversion and regional development but which give rise also to resistance to integration. It is extremely important for the working-class movement, which upholds the interests of the people, to bear in mind the contradictions of the integration when shaping its policy. So far the power of attraction of what has been called the "industrial Lorraine" has proved to be greater than the anti-integration action of the peripheral upsets of equilibrium.

Nothing of the kind is to be observed in the free trade area. Examined from this angle, EFTA is a purely artificial association which owes its existence far less to the dictates of economic necessity than to political considerations. It was designed as a counter-weight to the gravitational pull of the Common Market and to reserve for its members some bargaining positions.

The two groups, then, are not equally dynamic or marked by an identical measure of economic cohesion. Their respective roles either now or in the future can hardly be equated with each other. Some EFTA members are strongly drawn to the Common Market. For example, Britain's trade with the EEC countries has grown by 70 per cent, and with EFTA members by only 58 per cent, while the share of the EEC in total British trade has gone up from 14 per cent to 19.

On the other hand, the establishment of the two blocs and the adoption of a common external tariff by the Six had serious consequences for Denmark and Austria, the bulk of whose trade was with West Germany. Both of these countries have come under heavy competitive pressure from the EEC, while being unable to benefit fully from the expansion of the market in the Community. For instance, Austria, 56 per cent of whose trade is with the EEC and only 16 per cent with EFTA countries, has had to increase its imports from the Common Market area by 70 per cent although its exports have grown by only 45 per cent. In 1958-64 Denmark's exports to Federal Germany increased by 20 per cent, while its imports grew by 90 per cent. Moreover, about 20 per cent of Danish foreign trade is with Federal Germany.

This state of affairs explains why both Austria and Denmark are anxious to enter into treaty arrangements with the EEC at the earliest possible moment, and it also suggests that the new British overtures to the latter

stem not only from political considerations but also from economic imperatives which the current trends have accentuated.

EFTA will find it hard to stand up to the growing economic strength of the EEC. However, the affiliation of more countries, whatever form this may take, and the attendant extension of economic intercourse can but aggravate the internal contradictions of the Community and retard its integration at political and institutional levels.

This growth of economic interdependence is the result not only of the greater freedom of trade. The technological revolution is another factor, what with the flood of new discoveries annually making for the output of new goods or reducing production costs, all of which opens up new possibilities for trade. It can be assumed that in the context of the comprehensively developed highly industrialized economies of the Common Market countries—economies which at the outset might have been expected to be mutually competitive rather than complementary—the cohesive factors are likely in the long run to prove stronger than the centrifugal forces. Although there are no grounds for making sweeping conclusions for the future, this should be borne in mind since it shows that the present revolution in science and technology and the rate of economic growth sustained by it are changing the very conditions of capitalist production and may modify the forms of the contradictions of capitalism. It is all the more important to bear this in mind since the scientific and technological revolution is, strictly speaking, only beginning. The fact that Western Europe still has a long way to go to make up the lag in this respect provides a substantial reserve for economic growth.\*

The foregoing points relate chiefly to the expansion of the productive forces and trade; the latter, which are interactive and mutually conditioned, are accompanied by an evolution in the structure of the capitalist economy. However, we shall dwell here only in passing on these structural changes (concentration, interpenetration of capital, and the growing role of the state), primarily from the standpoint of their impact on European integration.

Capitalist concentration, like most social phenomena, does not readily lend itself to precise measurement. It takes a multitude of forms adapted to the complex processes under way at diverse levels (at enterprise level, i.e., in the sphere of the productive

\*The possibility of European economic growth rates being retarded within the next few years is by no means excluded. In view of the freer flow of capital provided by the Common Market, concern for the stability of currencies may outweigh concern for increasing production.



forces; in the financial sphere, and at the economic policy-making level).

Although the validity of the statistical data available on this score is at best only relative (the incomplete picture they provide merely glosses over the real state of affairs), they leave no doubt that concentration is proceeding at a growing rate.

In 1954-62 some 127,000 small independent enterprises employing less than 10 workers each—more than 20 per cent of the total number in this bracket—went out of business in France. A closer examination of these figures reveals that the rate at which small business was being squeezed out doubled in 1958-62 compared with 1954-58. On the other hand, the number of enterprises employing more than 200 workers each increased by over 2,000 in these eight years, or roughly by 16 per cent. According to data released by the French Employers' National Council, the number of mergers and take-overs indicative of the rate of concentration went up from 60 annually in 1954-61 to 150 a year in 1961-65. The important thing here is not so much the accuracy of the figures as the trend they reveal.

Besides the visible acceleration of concentration there are countless instances of joint participation and establishment of joint subsidiaries arising from the growing complexity and rising cost of production. Groups of capitalists are more and more often finding it necessary to combine their financial, technological and marketing operations in joint subsidiaries.

The very establishment of the Common Market acted as a spur to concentration inasmuch as it intensified competition in many branches of industry. In France, for instance, such important industries as aluminum and non-ferrous metals, glass, synthetic fabrics, and some branches of the chemical and electrical equipment industries are now controlled by one or two often connected firms. A recasting of structure is under way in metallurgy and in the electrical equipment and electronics industries.

Generally speaking, however, it would seem (lack of systematic information rules out a more definitive conclusion) that so far merger and take-over agreements and financial interlocking for companies have been mostly confined within the boundaries of the various countries.

On the whole integration of capital has gone a long way since 1958. Most of the big companies in the EEC have either set up selling, and in some cases production, subsidiaries in other countries or have entered into agreements concerning licenses, repre-

sentation and specialization; some of them have entered into cartel arrangements. Agreements of this kind are numbered in tens of thousands.

More and more manufacturers' associations and liaison committees designed to coordinate employers' policies on a wider scale are coming into being. Although the effectiveness of these committees varies according to industry, their role should not be minimized, either as agencies coordinating economic and social policy and effecting a kind of division of labor in the Community or as pressure groups vis-a-vis the Common Market bodies and the governments.

Integration is going ahead also in the sphere of production, though it should be noted that so far the big capitalists have been coming together mostly on a national scale. For instance, France has seen a number of major mergers, such as the Rhone-Poulenc-Celtex merger in the synthetic fabric industry, Pechiney-Saint-Gobain in chemicals, and Alsthom-Neyrpic in heavy electrical equipment. At present the Compagnie Generale d'Electricité and Compagnie Generale de Telegraphie Sans Fil are coming together in the electrical equipment and electronics industries, Pont-a-Mousson, De Wendel and Sidelor in iron and steel, Michelin and Kleber-Colombes in rubber, and Citroen and Peugeot in the automobile industry.

On the scale of the Community, however, international cooperation is limited. Agreements to which French companies are parties include the Schneider-Empain, Sidmar, Progil-Ugine-Bayer, and Solvay-Progil-Ugine arrangements.

Such recently concluded agreements as the Thomson-Demag-Automotor arrangement, the Pont-a-Mousson, Marine and Roebling combination for the joint construction of a steel mill, and a similar agreement among the Saarbergwerke, Houilleres de Lorraine and a number of French oil companies for the construction of a joint oil refinery are described as the initial results of governmental and private efforts to promote Franco-German cooperation. These, however, are still isolated instances, and they do not always signify that the groups involved are really coming together. Attempts of this kind have often enough ended in failure, and not only in branches directly dependent on official policy and government orders (the nuclear industry and space research) but also in some sectors of the "classical" branches, such as the aluminum or automobile industries.

In examining the integration of capital one cannot but note that the number of agreements with companies in countries outside



the Common Market (especially British and American firms) is considerably greater than the number of agreements concluded between companies in the EEC. This is due, no doubt, to the all-out effort made by British and U.S. companies to penetrate into the Common Market, and also to the fact that these firms, especially the American, possess much greater technological and financial resources than the EEC companies.

So far, then, the process of capitalist interpenetration in Western Europe has been marked by a comparatively limited number of agreements among EEC companies. But it is hardly likely that this state of affairs will continue indefinitely. The headway made by the Common Market and the determination of some industrial groups and political forces, especially in France, to break the U.S. stranglehold, have stimulated a certain aggressiveness among trans-atlantic companies. The reaction so far to U.S. imperialist actions has taken the form chiefly of surveys, declarations and proclamations. The obstacles here are formidable. The U.S. companies have at their disposal substantial means, whereas the individual capitalists, though aware of the danger threatening them, may not be able to withstand their pressure singly. The European companies concerned, especially the medium-sized, which under all circumstances are exposed to the danger of losing their independence, are tempted to enter into deals with a more distant if more powerful adversary rather than join with a next-door competitor whose proximity makes him appear more dangerous.

Clearly, for the European monopolies to present a more solid front against U.S. expansion, the manufacturers' associations and governments will have to take an active hand in the matter. And recent developments show that this process is already under way. The question facing the top people of the European bourgeoisie is this: what kind of groupings should there be and on which side of the Atlantic should the seats of power be located, from which the major sectors of the West European economy would be controlled, in particular such key branches as the electronic and nuclear industries and space research.

From this standpoint the bourgeoisie of all the European capitalist countries is exposed to an equal danger. Of the sixty-four companies whose capital in 1963 exceeded \$1,000 million, forty-nine were American, five West German, six British, two Anglo-Dutch, one Italian and one Swiss. The size of a company's capital is of course not the only factor determining its competitive power. But

whichever way you look at it, the U.S. monopolies enjoy an overwhelming superiority.

And while all are exposed to the same danger, the capitalists in the various countries react to it in different ways.

Why, for instance, is the French bourgeoisie taking the lead in resisting the U.S. monopolies? No doubt an important role here is played by the subjective factor of the personality of the head of state, but this can hardly be considered decisive.

Then there are what might be called historical reasons. The French bourgeoisie, like the British, was among the first to take shape. Its specific national features became pronounced early on and later were safeguarded from external influences by a protectionist policy based on the utilization primarily of home resources and the resources of the colonial empire. Despite far-reaching changes since the time of the Second World War, the economic structure of French society as well as its ideological superstructure, its habits and its reflexes bear the imprint of the past.

At present French economy and the French capitalist groupings are involved more than others in foreign competition. After the war the French monopolies grew strong enough to insist on a bigger place on the world markets and a more important role in world affairs, but they are still not strong enough to challenge the U.S. titans in the competitive arena or to enter the lists against West German competitors without taking certain precautions.

For example, in the chemical industry the turnover of Du Pont de Nemours is three and a half times as great as that of the Rhone-Poulenc group; in the electrical equipment industry the turnover of Compagnie Generale d'Electricite is only one-tenth that of General Electric, and in electronics the turnover of the Radio Corporation is ten times that of the Compagnie Generale de Telegraphie Sans Fil. The discrepancy is still greater in the automobile, electronic equipment and aircraft industries.

The insufficient strength of the French companies, the danger of the "colonization" of the key industries by U.S. capital and the need for cooperation among European firms to combat this danger—these are the dominant themes in the business press as well as in official speeches. And these considerations are increasingly influencing economic and financial policy.

However anxious the French capitalists are to involve first the Common Market and then as many of the other West European countries as possible, including Britain, in resisting U.S. imperialism, they are still reluctant to



accept any form of West European unification.

Their aversion to supra-national bodies stems from the same political, historical and economic roots as their opposition to U.S. imperialism. In the Common Market West Germany is acquiring a growing economic weight, and in a number of key industries the French monopolies are weaker than their competitors. This prompts the French rulers to display caution when it comes to renouncing national sovereignty, all the more so since in the diplomatic arena they find themselves in a comparatively favorable situation and in the sphere of home policy they are for all practical purposes unhindered by any democratic restraints or control.

The growing government intervention in the economy through financial, tax and administrative measures is designed to intensify concentration on a national scale so as to build up the strength of the French monopolies to a level with their European competitors and only after this is done to promote concentration and agreements on the scale of the Community in order to close the gap between the European and American monopolies. This is a basic premise of French home policy and also of the proposals advanced or supported by France in the EEC, such as those concerning a statute for European corporations, European patents and joint research. The same considerations determine the stand taken by the French government in the Kennedy-round negotiations.

On the whole it can be said that the pressure exerted by U.S. imperialism (on the political or governmental level as well as private monopoly level) has a twofold impact on European capitalism: on the one hand it makes for disunity and disintegration by attracting some capitalist elements and political forces to the U.S. orbit; on the other hand it gives an impulse to self-defensive moves towards integration which are accentuated by the fact that they coincide with deep-seated trends stemming from the expansion of the productive forces and the growing internationalization of West European economic life.

Although U.S. pressure is directed primarily at the EEC countries, not only these are affected by it. It may impel Britain, or at least some British monopoly groups, to gravitate towards the EEC, as is evidenced by the recent Anglo-French agreements concerning aircraft production. The question has now been posed of West German companies joining these agreements, if this is not prevented by U.S. pressure. These agreements (like the proposed agreements in the sphere

of electronics) are not purely technological or commercial; they are clearly protective measures against the U.S. monopolies.

In examining the dynamics of integration it is easier to discern the motive forces of the process and the forces counteracting it than to make a precise assessment of the intensity of either.

Needless to say, the economic and political structure of Western Europe bears the clear imprint of the diverse national features, and these are likely to make themselves felt for a long time to come.

Previous instances of different nations drawing closer together through integration of areas with more or less established markets and a more or less developed bourgeoisie, show that the process is a very slow and uneven one passing through a series of leaps, pauses and sometimes retreats. An important role may at times be played by individuals and the element of chance, but here too political voluntarism acts more as a brake than as an accelerator.

Although any attempt to anticipate developments involves the risk of falling into error or schematism, the following general conclusions may be drawn from the present situation:

- economic integration of Western Europe is an urgent necessity dictated by the development of science, technology and the productive forces, and by the growing socialization of production;

- owing to geographical, economic and political factors the six countries now associated in the EEC seem to be predestined to be the focal point of the integration despite the deep-seated contradictions between them on many issues;

- the interdependence of these countries has reached a point where coordination of their national economic policies becomes imperative;

- the power of attraction exerted by this integration zone on neighboring countries is likely to grow, and the EFTA countries will most likely find themselves drawn closer to the EEC economically, politically and perhaps even organizationally. But in this case the EEC as a political force is bound to develop in a direction somewhat different from that envisaged by the signatories to the Rome Treaty;

- being a zone of capitalist development, this zone can be consolidated economically, financially and politically only if it increasingly challenges U.S. imperialist leadership. The contradictions between imperialist associations opposed to a more powerful imperialism do not rule out the solidarity of all the



capitalist countries vis-a-vis the socialist system; they are also limited by the fact that the interdependence stemming from the expansion of the productive forces is not confined to Western Europe. At present and for some time to come the element of contradiction will most likely predominate over the element of solidarity, although it is not excluded that circumstances will bring the solidarity factor to the fore;

—for a long time to come national states are bound to play the predominant role and the EEC bodies will be destined to concentrate more on research, coordination and executive functions than on policy-making.

Viewed in the long term the dispute between the adherents of a "Europe of States" and the protagonists of a supra-national Europe would seem to be of secondary importance and in time may lose its edge. It may be that in the political and organizational spheres the integration will first take the form of efforts to harmonize and coordinate national policies, gradually leading, however, to the establishment of institutions playing a growing role in policy-making.

It should be noted that the two opposing concepts of European unity relate much more to organizational forms and the achievement of a certain world balance than to the social content of the institutions or the policy they should pursue. Both concepts are based on private enterprise, worship of the market and the drive for maximum profit, i.e., the assumption that the strengthening of monopoly is essential to ensure economic growth and "social progress."

In view of all this, the integration poses some new problems before the working class, which will have to search for ways and means of carrying out its historical mission in rapidly changing conditions that could hardly have been foreseen a hundred or even fifty years ago.

Any change disrupting the interdependence and trade relations of the Six would have consequences of such magnitude for the overall economic development of the countries concerned as to be highly problematic (although the possibility cannot be excluded). Hence the working class should evolve its own strategy in the light of this objective situation.

The interlocking discussed above has as its objective corollary the solidarity of the capitalists of all countries—a solidarity which, naturally, will find expression through the mechanism of the market and money. This is a subject for serious examination and study: how to carry out structural reforms such as nationalization and effective control over investment in a country which in a few years will present quite a different picture as part of a broader unified market (or economic complex) characterized by a high degree of "socialization" of economic life.

The ironing out of the problems of the Common Market is a matter of time: we can already see that while aggravating the numerous contradictions of capitalism it has also strengthened the solidarity of the bourgeoisie of the different countries, has impelled coordination of their national policies. *This capitalist solidarity must be countered with working-class solidarity, which can take the most diverse forms beginning with simple pooling of experience and ending with mass political actions.* But here, too, recognition of the growing international solidarity should not blind us to the fact that specific national features still predominate and that, for working-class action to be fully effective, it is necessary, and will be necessary for quite some time, to organize these actions within the framework of the various countries, in keeping with the local and national features and requirements.



# ***Internationalization of economic life and the working class***

EUGENIO PEGGIO

I SHALL DWELL MAINLY on two questions. First, the trend towards internationalization of economic life in the various countries and, second, the problems which this poses for the democratic forces and the socialist movement at national and international levels.

As I see it, this is not only a matter of the integration of the six EEC countries, but also of the growing internationalization of economic life throughout the capitalist world, particularly in Western Europe. The integration of the Common Market Six can, of course, be regarded as the highest stage (though so far confined to a rather restricted zone) in this process, which has embraced all the West European countries.

This process is evident, first, in the part played by foreign trade in the formation of the national income, and, second, in the growing role played in each country by big business groups, groups international in structure and operating on the basis of international programs and, lastly, in the growing role of international organizations whose influence, if not practical activities, extends to the entire capitalist zone (varying of course from country to country and in methods), such as the International Monetary Fund, the Club of Ten, etc. To this should be added the processes and economic organizations (above all the European Common Market) which impinge not only on the economic life of the countries concerned but on the entire capitalist zone, thereby accelerating the crystallization of far-reaching and broader forms of association.

The international treaties and the agreements between the major groups in the European Common Market and especially the financial interlocking of these groups as it has proceeded so far leave no doubt that inte-

gration of the main monopoly groups in the six countries along lines foreshadowing the formation in this area of still bigger groups, comparable, say, to the U.S. groupings but completely independent of them, is retarded by formidable obstacles, grave apprehensions and profound conflicts of interests. The prospect envisaged at the inception of the Common Market of a "Little Europe" solidly integrated primarily at the level of the big capitalist groupings and capable of taking a united stand in competition with the USA and the socialist countries seems to me to be on the whole less likely in view of the specific trends in the financial inter-penetration of the principal European monopolies. This financial interlocking, involving as it does mainly French, German, Italian and other monopolies and leading non-Common Market groupings (U.S., British, Swedish, etc.), shows that those who call the economic tune in Europe aim at giving effect to the trend toward integration no longer in the narrow framework of "Little Europe" but in a broader, inter-continental context.

A broad concurrence of views on the basic economic, social and political features of the present integration process has taken shape. This process, clearly, is directed by the big monopoly groups. Hence it presupposes, on the one hand, a still bigger upset, arising from the further concentration of economic power, in the social equilibrium and aggravation of the class contradictions not only in the zone directly affected but on an international scale since the integration is one of the pillars of European neo-colonialism, and, on the other hand, it presupposes a grave crisis of the traditional democratic institutions owing to the growing weight at national and international levels of the technocracy, private



and state, now infiltrating into economic leadership in the various countries and in "Little Europe" as a whole.

As I have already said, at this juncture the views of the advanced socialist and democratic forces and many trade union organizations largely, if not wholly, coincide.

Concerning the political stand taken by the socialist trends in relation to the European integration it should be frankly admitted that while they agree in their assessments of the nature of the integration, they differ greatly as regards the strategic and tactical lines to be followed in order to combat the monopoly policy and to solve the grave problems facing Europe and the world today. This divergence of views exists not only between the non-socialist democratic forces, on the one hand, and socialist-oriented trade union and political organizations, on the other. Even within parties working for socialism, and even among Communist parties, there are profound differences as to how monopoly integration should be combatted.

True, practically all agree on the objective character of the integration trend, i.e., its association with the needs engendered by the expansion of the productive forces. But this has not been followed by consistent elaboration of a strategy adequate to the new problems posed by the integration. A big segment of the socialist-minded working-class movement has vacillated between condemning the new state of affairs and searching for a democratic, anti-monopoly and, consequently, socialist alternative to the monopoly integration.

And while all our experience teaches that merely to close one's eyes to the fact of the integration would be an abstract, sterile and politically pointless attitude, it is also a fact that a working-class line of action aimed at giving effect to an anti-monopoly and democratic alternative has still to be clearly defined.

True, we witnessed the beginning of a discussion which was in many respects positive and useful and which produced modest results. As a result of this discussion some trade unions have defined their position and underscored the need for coordinated international action on the part of national organizations, i.e., the need for international trade union action in the new situation brought about by the integration. This defining of attitudes, the first modest step, should be pursued more boldly and resolutely. The lag in the trade union sphere (in the political sphere, to which I shall return later, things are even worse) is, in my opinion, a considerable one and, what is more, is becoming more pronounced,

for the progress made in coordinating the functions of the national trade union organizations rarely goes beyond simple recognition of the need for coordination. At any rate progress in this sphere is away behind the economic integration in "Little Europe."

On the political plane, considering the urgent need for joint action on the part of socialist-oriented parties on questions relating to the integration, the lag is, as I have said, much more serious. This is due to the fact that while the Social Democratic parties cling to their anti-Communist prejudices and even engage in discrimination and struggle against the Communists, some Communist parties continue to question the possibility of finding any alternative to the integration policy; the struggle against the international activities of the monopolies is seen as a purely national struggle which, they feel, need not be coordinated with the struggle waged by the Communist parties and other democrats in other countries.

I do not propose to dwell at length on the democratic alternative to the integration effected by the monopolies and the technocracy. I shall confine myself to a few remarks which might seem to be of a methodological order but which have a very definite political purport.

First of all it should be noted that recognition of the objective tendency towards internationalization of economic life in all countries, towards closer relations between the national economies, and, of the fact that this is a result of the expansion of the productive forces—a circumstance that should not be underestimated — does not imply accepting *de jure* and *de facto* the developments now taking place.

In other words, if it is necessary—and I think it is—to search for a democratic channel for the objective gravitation towards internationalization of economic life and unification of the separate national economies, one need not—and cannot—agree to the Brussels authorities being given more supra-national power, or, more concretely, accept the common agricultural policy proposed by the Common Market Commission, not to speak of the supra-national programming projected at present. In a word, recognition of the need for economic integration does not imply renunciation of steadfast opposition to the decisions of the leading bodies in Brussels and in general to the authority vested in them. I believe that this should be heavily underscored, making it clear that any attempt to influence the integration process and to wrest it from the control of the monopolies will be meaningless if confined to national bound-



aries and if it does not offer an alternative capable of winning the vigorous support of all the democratic forces. This approach does not contradict the demand for representation in the European parliament which we Italian Communists have repeatedly advanced. There is no contradiction between the demand for an end to all discrimination in the matter of appointing national delegations to the European parliament and recognition of the need to question the activities of the EEC bodies and their right to exist.

The struggle waged by the advanced forces of the working-class movement for a democratic alternative to the Common Market implies not only repudiation of the "European" philosophy underlying the present integration and resolute criticism of the Social Democratic forces which support and seek to impose this philosophy on the entire working-class movement. While bearing in mind that the dominant "Europeanism" of today can only result in subordinating the working class to the existing system which runs counter to its basic interests and aspirations, it is essential also to reject the misconception, likewise encountered in the working-class movement, that owing to the growing international economic integration, the working class and the socialist forces can carry on the struggle only on the international plane. Such an attitude, in my opinion, would be every bit as dangerous as that of the Social Democrats and could but lead to the same results. Both attitudes, although for different reasons, could facilitate or at least would not prevent, the further development of monopoly integration under the guidance of the technocracy associated with the big international finance capitalist interests.

Underestimating the significance of the national institutions and the realities represented by the national states, neither of these attitudes takes into account the mainsprings of the struggle which is waged not only on behalf of the working people and for democratic development towards socialism, but also for a system of international economic cooperation capable of providing a positive democratic and anti-monopoly response to the generally recognized objective need for an economic association of the countries of Europe.

We all are aware of the imperative need for joint effort on the part of the different trends of the European working-class movement both at trade union level and on the political plane to promote internationally coordinated trade union and political struggle aimed at ensuring the ascendancy of the popular aspirations for peace and progress over

the interests of the monopolies. But while bearing in mind the significance of the national states and the role still played by their economic, political and legal institutions, the initiative and practical efforts of the working class and of the democratic and socialist forces in Europe should be aimed basically at international economic cooperation which would meet the interests of the peoples of Europe and, consequently, promote peaceful coexistence.

The socialist forces can neither support nor adopt a wait-and-see attitude towards supra-national programming, on which the EEC Commission is now working, they cannot afford to wait until the content and orientation of this programming is published, for, as I see it, there is no doubt that it will accord with the interests of the monopoly groups, both those in the EEC countries and those operating in this zone but associated mainly with other countries (for instance, the U.S. monopolies). Regardless of the juridical context that will be devised for this programming, and regardless of whether it will be called by its proper name or, as a concession to "liberalism" and Erhard's demands, a "general intermediate-term economic policy," it is bound to strengthen the grip of finance capital on the entire economic life of "Little Europe." Some "Europeans" hold that the general economic programming by the EEC should be supported by the democratic forces in the six countries of the community on the assumption that under the new supra-national set-up it would be easier to coordinate trade union and political activity on an international scale. This, however, is a totally illusory view. Supra-national programming by the EEC would in reality only enlarge the discrepancy between the degree of coordination achieved by finance capital, on the one hand, and the democratic forces, on the other.

Supra-national programming by bodies of the EEC type is unacceptable also because it would be subordinated to the more powerful states and to the economic organizations and groupings dominating the economic life of the community. Nor should it be forgotten that the specific problems facing the various countries can be resolved only within the framework of national programs utilizing the total potential of the national states and, consequently, ruling out any surrender of powers to supra-national bodies. This, in my opinion, is another reason why the working class and all the democratic forces cannot support supra-national programming. Clearly, then, the idea expounded by some "European" circles that the working class could make use of this type of programming in order to offer



more effective resistance to the monopolies and to give effect to economic policies meeting the interests of the working masses, should be rejected.

The fact is that the problems of economic development and social progress in the European countries concerned cannot be solved without structural reforms corresponding to the national needs. Reforms of this kind can be carried out only by the respective states, whose authority to guide their own economic life should be safeguarded against any encroachment. Otherwise they would hardly be in a position to take effective action when it is needed.

This does not mean that I am advocating any autarchic or nationalistic concept. As I see it, the socialist forces in Europe, faced with attempts on the part of the EEC bodies to embark on supra-national programming, should vigorously support profoundly democratic national development programs based on radical structural reforms and *broad international economic cooperation*. Clearly, in launching out on any national-economic programming it will be necessary to focus attention not only on the structural reforms needed in the particular country but also on the international setting in which the national development program would be carried out. And here, too, development programs cannot be static but should take cognizance of the fact that in order to make maximum use of the existing productive forces and to keep up with their rapid expansion it is necessary to devise and implement the most advanced forms of international cooperation.

In my opinion, the socialist and progressive forces should proceed in their struggle for a democratic alternative to the current monopoly integration from rejection of all forms of international economic integration effected primarily through the free play of the "blind

forces of the market." The monopolies are the "blind forces" of today's market and any steps taken simply to expand the area under their sway (liberalization of trade, freer flow of capital, etc.) or to coordinate their activities (supra-national programming) through the agency of a supra-national technocracy would simply intensify the monopoly character of the integration against which all the democratic forces should resolutely join forces in the interests of social progress and the defense and development of democracy.

The democratic response to the internationalization of economic life would be, as I see it, coordination of the activities of the socialist forces on an international (and above all European) scale with a view to ensuring the economic, social and political progress of the national societies through radical structural reforms and broader international economic cooperation. Only in this way can the integration acquire an anti-monopoly nature. But if democratic cooperation and international integration can be achieved only through effort on the national plane, it is imperative to pose the problem of transforming the national states, of changing their economic and political structure, i.e., the problem of their regeneration in a democratic and socialist spirit.

It is only in this light, in my view, that the democratic forces can seriously and concretely discuss West European political unity and put forward their solution to the problem. For it is perfectly clear that if we were to work for political unity as an outgrowth of the economic integration initiated in recent years, this would merely make us a party to the creation of an authoritarian Western Europe under the undivided rule of the monopolies and diametrically opposed to that new system of international economic and political relations in which peaceful coexistence would find concrete realization.



# ***Some aspects of state capitalism and its contradictions***

JEAN PIERRE DELILEZ

THERE IS NO DOUBT that in all the developed capitalist countries, including the United States, the role of the state in the economy, its increasingly numerous and complex relations with the private sector, the fusion up to a point of the monopolies with the machinery of state have become much more pronounced in recent years as compared with prewar. In the past twenty years this process has led to far-reaching changes in some Western European countries. In this new phase of its development monopoly capitalism acquires a multiplicity of forms. This is reflected in the share of the "public and nationalized enterprises" in the national product (30-35 per cent) or the share of the state funds in the overall investments (up to 50 per cent). But it is the qualitative aspect that is most interesting. A study of the extensive interlocking of the state with the big monopolies shows that the contradictions of capitalism are taking on new forms and, what is more, that new contradictions peculiar to its state-monopoly phase are making their appearance.

The growing coalescence of the state and the big monopoly groupings gives rise to a number of problems both on a national-economic level (modification of the functions of the state, which ceases to be only a political and legal superstructure and intervenes directly in the process of production and commodity circulation), and on the international level (expansion of the monopolies beyond the boundaries of a single country conflicts, at least formally, with the extension of state-monopoly capitalism inside the country).

The objective basis for strengthening the links between the state and the monopolies is the rapid concentration and centralization of capital.

This is not simply a matter of technical in-

tegration caused by the drive for modernization of plant and technology characteristic of the present period (the past 25 years in the United States, and approximately 15 years in the countries of Western Europe). Technological advance of this kind is facilitated, supported and at times initiated by the state, but it leads to rapid obsolescence of plant and impels the bigger firms to build optimal size enterprises in order to reduce production costs.

The main point is that the big firms and banks exercise greater control over the economic life of the country. In France, for example, in 1952 there were 650 instances of direct association between the 12 biggest commercial banks and other companies, of which 75 were among the 100 biggest firms in the country.

This extremely complex system of relationships (functional, as well as in the sphere of control, supervision and cooperation) while constantly changing, reflects the more or less stable correlation between the big banking and industrial groups, on the one hand, and the medium-sized and even small firms dependent on the monopolies, on the other. The dynamics of these changes, however, concealed by a system of participation, mergers, open or secret agreements, in no way affects the relative stability of big monopoly capital as a socio-economic category. For example, in the forty years between 1912 and 1952 only 15 names changed in the list of the 100 biggest industrial and commercial monopolies in France.

As regards concentration and centralization of capital brought about by the operation of objective economic laws, two points might be made:

1) Here there is no strict distinction or



clear demarcation between private and state capital. The coalescence of private and state monopolies and companies, the more and more frequent creation of mixed companies (in which the state by no means always has the deciding voice), shows that the law of concentration and centralization of capital is valid, with certain variations in form, both for the private monopolies and for the state-owned and nationalized firms.

2) Concentration of capital, especially in France where the degree of concentration was relatively low compared with Germany and the United States at the end of the Second World War, is stimulated by the "external factor," in other words, by the state superstructure itself. At present the state with its economic and "structural" policy plays the main role in accelerating capitalist concentration. With the general tendency for the rate of profit to decline, the "spontaneous" mechanism of capitalism should, in the view of the big capitalists, not only be readjusted but directed toward stimulating and maintaining accumulation by the monopolies to ensure them a high rate of profit enabling them to finance themselves and to compete successfully on the world market. Without this intervention the operation of the blind forces of capitalism is liable to produce disproportions prejudicial to maximum profits, and result in a relative slowing down in the process of the concentration of capital.

The machinery of state, through which the flow of capital is largely regulated, plays the main role in the redistribution of a steadily growing share of the national income. The tax system, among other things, is an effective instrument for re-channeling capital.

In order correctly to reflect the structure and economic development of the country, the national system of accounting—the basic instrument of indicative planning — should furnish at least a general idea of the movement of capital. The entire concept of this system of accounting should be subjected to a critical reappraisal with a view to providing a clearer picture of our economy. Such categories as "domestic economy" or "non-financial enterprises" should be discarded and the picture of inter-industrial relations should reveal more clearly the links between the state and the diverse spheres of economic activity. For example, profits should be assessed by groups of enterprises, broken down according to size, etc. In short, a vast amount of research in this field is essential. But would the government agencies and the planning bodies be willing to reveal the actual relationships in our economy and in our society, to expose, for example, the links between the top state

and private bodies, and the steady process of the fusing of the state and the private monopolies, or to show how the profits flow into the coffers of the big firms?

An obvious contradiction arises: although the big monopolies need the information compiled by official planning and statistical bodies, they are reluctant to engage in the needed research, or to publish data for fear that they might militate against them. This is a source of misunderstanding and tension between the powerful private bodies and the technocrats.

In a number of European countries, France in particular, the financing of postwar rehabilitation work—both by means of state investment and also American aid—was affected through the agency of the state. Government programming by sectors of the economy can be traced back to this method of financing. In view of the relatively limited extent of cartel arrangements and the extreme caution displayed by the big firms in what was for them an unfavorable political situation, the state agencies undertook to protect the common interests of the monopolies whose production base was in dire need of development and modernization. Concerned with the future of monopoly capital and defining a line of action based on "consensus of opinion" among the policy-making bodies, the state, as the exponent of the will of the ruling groups, was obliged to intervene to an increasing extent in the economic and social life of the country. Exercising its right to decide on the use to be made of part of the investments, the French Government immediately after the war pursued a policy of selective investment via the planning bodies (Economic and Social Development Fund).

In this connection one important point should be clarified: in examining the basic criteria in the choice of objects for investment the question of the economic optimum and the social optimum inevitably arises. It is not a matter of how this optimum could be reflected (assuming it can be defined) in the state plan, although this too poses some complex methodological questions. The fundamental point here is that the contradictory ultimate objectives of a class system are incompatible with any kind of "collective optimum."

Beneath the label of the "collective optimum" we are treated to a modernized version of the old theory that society can develop according to a strict plan and can fully satisfy all its needs. This theory is sheer mystification. It is not enough to say that the men in charge of planning in France are prompted by concern for the common good—which in most cases, incidentally, is hardly



likely considering the social origin and the permutation of the public and private technocracy in France. M.P. Maillet, EEC director of research, justly observed on this score. Mention should be made of a sociological factor typical for France: many directors of private concerns worked for many years in the state bodies either as engineers (mining, bridge-building, aircraft engineering, defense industry, etc.), or in financial bodies; this applies, for example to most of the executives in the iron and steel and chemical industries, in some branches of the machine-building industry, and in banking. Government officials and the employees of private concerns, therefore, have little difficulty in finding a common language." The fact is that top government officials often take jobs in the big private concerns. The social origin of these officials is a contributing factor in this respect. Take, for example, the category of finance inspectors who may be met with everywhere in the highest government jobs; more than 65 per cent of them belong to the families of bankers, manufacturers and leading executives, 30 per cent to the families of businessmen. Other social categories scarcely figure at all (5 per cent). Here social origin is a stepping stone to a career not only for individuals but for a large category of people. Incidentally, we are not questioning the social origin of the technocracy as a whole, for it is not an integral part of the big monopoly bourgeoisie; the chief government "clerks," as they are called—a term inherited from the *ancien regime*—are merely high-ranking servants of a monopoly system over which they themselves have no control.

In practice, French planning and economic policy are based on anything but the "collective optimum" or, in other words, on the common interest. This is evident if only from the references in the draft of the fifth plan to the regrettable divergencies between the aims of the private employers and the general aims of the plan. The draft of the fifth plan, for example, speaks of the big discrepancies that sometimes occur between "enterprise costs" and "state costs," and notes that the correct solution of one or another problem sometimes produces an unsatisfactory overall result.

The contradictory nature of the steps towards making the agreed common aims of a handful of employers the "honorable duty" of all, to use a memorable de Gaulle phrase, is strikingly apparent.

Government planning is thus seen not as an expression of common objectives, which cannot exist so long as the basic class relations remain unchanged, but as a catalyst

serving to adjust state measures of a structural and conjunctural nature to the common interests (defined on the basis of temporary agreements) of the various groups of monopoly capital.

A scientific assessment of the national statistical data and of the plan would be a major deciphering job, and without a key to the cipher it would be impossible to obtain any idea of the actual processes or to perceive the contradictions therein.

As for the plan itself, while it is far from being a complete picture of all the main aspects of economic and social life, it does furnish a general idea of the state of the market. Moreover, it is a synthesis, as it were, of the joint and individual plans and objectives advanced by the big monopoly groups usually after negotiations to correlate the common aims with the strategic plans of the various concerns. Any centralized planning should produce a general program (possibly in several variants, acceptable to the different public non-monopoly sections, for example, agricultural organizations or associations of small proprietors, etc. The present method of planning through consultation is designed to exert political and even psychological pressure on those concerned and to create the illusion of genuine collaboration in drafting the basic guidelines of economic development. A report on plan fulfillment, published in 1963, states: "For the successful fulfillment of the plan it is essential that while exercising their freedom of choice, Frenchmen should *ratify* (our italics. J.P.D.) a course which accords with the wishes of the nation and is reflected in our objectives."

Analyzing the methods and results of indicative planning in France, the recent report of the Organization for Economic Cooperation and Development noted: "France is unquestionably a country where the existence of the appropriate state machinery (planning bodies) has had a positive effect on the thinking of administrative workers and directors of enterprises. On the other hand, the effect on the psychology of the members of trade unions is far less evident."

This poses another problem, namely, that of the forms in which capitalism in the different West European countries seeks to integrate the workers' organizations in the system of state-monopoly capitalism.

The coalescence of the monopolies and the state engenders its own ideology; in France one might even speak of a new religion with its own incantations and rites. For historical reasons the plan occupies a place in the political and ideological life unequalled in any other country. It is the subject not only of



official pronouncements and special documents, it is lauded by the entire publicity apparatus (lectures, pamphlets, films, television, etc.). Statehood, public welfare, joint endeavor, solidarity to meet foreign competition—all these concepts are placed in the service of a nationalist, and also reformist, ideology adapted to a political situation which differs from that in West Germany or in Belgium. Just as the nationalization carried out in 1945 was gradually emasculated as a result of state-monopoly integration, the ideological trends engendered by the struggle for national independence and the joint efforts to restore the economy in the early post-war years took a different course, changed their content and were placed in the service of state-monopoly capitalism.

Relying on the state, monopoly capital is seeking to maintain, for a certain period and within certain limits, the overall rate of both economic growth and concentration of capital. A feature of this concentration is a high level of self-financing and rapid depreciation. The contradiction between the technical and economic targets of the plan (according to sectors) and the self-financing of the firms remains basically unresolved even if state intervention to some extent does even out the disproportions (this is easier at times of a rapid rate of growth).

One of the conditions for maintaining this rate of growth (associated with the rate of profit and self-financing) is the ability of the state to modify the effects of full employment, which hampers maintenance of a high rate of profit. And indeed, although the balance between capital and labor has been none too favorable for the monopolies (mainly due to the degree of organization and militancy of the working class), the latter have succeeded in counteracting to a considerable extent the effect of "full employment" on wages.

For this purpose the state has resorted primarily to a more or less controlled policy of inflation enabling it to increase the discrepancy between nominal and real wages and camouflaged by the widely advertised thesis concerning "the vicious circle of wages and prices."

So long as the French economy was relatively self-contained and safeguarded by its protectionist mechanisms, an inflation policy had more advantages than disadvantages. For example, it facilitated centralization of capital inasmuch as it accorded with the interests of the employers and enabled them to "recoup losses" resulting from wage increases (which compelled the unions to launch a struggle to "close the gap").

Examining the official documents and especially the publications of the planning bodies, one might think that "full employment" was one of the basic medium and long-term aims of economic policy. In reality, however, the state, meeting the wishes of the employers, has invariably sought to prevent the shrinkage of the labor market, whether it was a question of "structural" measures aimed at ensuring a flow of labor from the farms into industry (by accelerating the elimination of "unprofitable" small peasant homesteads and helping the capitalist agricultural enterprises to increase productivity, among other things by replacing agricultural labor by machinery), or by "importing" labor, specifically from the former colonies (at one time over a million workers were brought in). This instrument of pressure on wages was evidently intended to become (at any rate in those European countries where the reserve army of labor was still "inadequate") the basic substitute for inflation, which at present is becoming less feasible.

The substantial share of wages for workers and employees of state and nationalized enterprises in the total wage and salary fund, and the possibility of the state bringing pressure to bear on its workers by encroaching on the right to strike, enable the state to keep down nominal wages and prevent the satisfaction of other social demands. The state cannot perform the role of employer-cum-proprietor without aggravating the contradictions. Being a political and legal superstructure, the state should (theoretically) ensure the observance of laws and rights. But when it comes to government workers and office employees, it is obliged to renounce its own obligations. Formally speaking, it acts both as judge and litigant. This cannot but impart a clearly-defined political character to the struggle of the working class and the trade unions. In recent times this new role of the state has been manifested most strikingly in efforts to introduce an incomes policy tying the hands of the trade unions in regard to wage demands. In this area, too, the government as well as state and nationalized institutions and enterprises have spearheaded a drive to integrate the workers' organizations into the system of planned economy.

But although direct measures to increase the rate of surplus value did help to maintain a relatively high level of profits, they alone were not enough to syphon off the profit to the big monopolies. For this, levers of governmental intervention are needed, such as a tax policy, like rechanneling of capital on



the pretext of modernization and retooling, low interest rates and subsidies.

To the extent that the true state of affairs is not deliberately covered up in financial balance sheets, these sources of additional income can be revealed and in most cases given statistical expression.

The point is, however, that these sources can be expressed only in terms of money and prices. Hence this analysis should be complemented by a characterization of the sources in terms of value. The price policy pursued in the state and nationalized sectors, and the discrepancy between these prices and the monopoly prices, which, as we know, are not directly dependent on the value of the product but reflect the correlation of forces between firms and groups operating on the monopoly or oligopoly markets, make it imperative to examine the overall picture presented by the divergence between price and value which the state helps to preserve in order to facilitate channeling of profits to the financial groups and monopoly concerns.

This cannot but aggravate a number of contradictions which must be reckoned with; above all, the deficit policy (widely pursued in France by the big state monopolies of late) has been restricted both by government allocations to cover this deficit at the expense of the taxpayer, which in turn increases the budget deficit, and by the financial resources of the state monopolies themselves which are in need of additional financial backing, chiefly owing to direct competition (for example, between a nationalized enterprise and private enterprises) or owing to competitive struggle between industries which tends to impart to almost total monopolies (such as the electrical or coal industries in France) an oligopoly character (competition between the coal and oil industries and between the electricity and oil industries).

In discussing state and nationalized enterprises a distinction should be drawn between those with a mixed clientele (ranging from small consumers to big firms) which seek to pursue a discriminatory tariff policy (for example, Electricite de France and Charbonnages de France) and those which operate exclusively as clients of monopoly concerns and, consequently, ensure a flow of capital to the latter through the agency of purchase price policy. The aircraft industry, the armaments industry and primarily the nuclear industry, all of which are connected with the building of the "force de frappe," directly collect their "tithes" from the state budget.\*

Although it is too early to draw any general conclusions from the foregoing, the following points should be borne in mind:

1) The specific forms of state-monopoly capitalism in some West European countries and the numerous forms of interdependence between the state and the monopoly groups should not obscure the fact that the basic contradictions of monopoly capitalism remain unresolved, despite the efforts made to adapt the functions and structure of the capitalist state to the dictates of the time. The state has ceased to be only a political, military, police, etc., machine; it has become an important instrument of economic policy and as such combines to some extent political and economic functions. This combination of functions to be observed in varying degree in different countries, produces two contradictory phenomena: on the one hand, the monopolies are in a position to make the entire machinery of state operate in their interests and, on the other, to the extent that privately-owned means of production become state-owned in the key branches of industry, the capitalist system as such becomes more vulnerable, depending as it now does wholly on the possible changes in the character of the state system. In this sense we can say that socialism is already knocking at the door of monopoly capitalism.

2) The planning machinery which occupies a place of varying importance in the different West European countries is not merely an instrument (as yet far from perfect) of long-range plans, nor is it confined to processing general economic data and adjusting strategic guidelines for the big financial groups. As the example of France shows, it also exerts ideological pressure on diverse non-monopoly social segments to win the approval of the latter for "joint solutions" according with the basic aims of the monopolies. Juggling with concepts like "common interests" and "collective optimum", the planning bodies seek to gloss over the basic class contradictions. Circumventing political democracy, the plan-

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\*According to the State Market Bulletin No. 42, government orders in the various branches of the economy presented the following picture in 1962 (in percentages of the total):

|                                              |      |
|----------------------------------------------|------|
| Aircraft industry                            | 87.4 |
| Armaments and Munitions                      | 80.0 |
| Construction and Public Works                | 39.1 |
| Solid mineral fuel                           | 38.7 |
| Electrical machinery and equipment           | 36.3 |
| Shipbuilding                                 | 27.9 |
| Engineering, including precision engineering | 17.9 |
| Telecommunications equipment                 | 16.3 |
| Furniture                                    | 15.7 |
| Gas, electricity and water                   | 13.9 |
| Pharmaceutical products                      | 12.9 |
| Transport                                    | 12.8 |
| Rubber products                              | 12.6 |
| Miscellaneous oil products                   | 11.7 |
| Building materials and glass                 | 10.7 |



ning agencies resort to technocratic devices in projecting economic development (notwithstanding possible preliminary consultation and parliamentary debate). This machinery fully corresponds to the present structure of the agencies in which the real power is vested and is designed to blunt class struggle and to achieve "concord" between the different sections of society. It is precisely through the centralized autocratic state that agreements among the big monopoly associations are arrived at. In the recent past the fascist states with their corporative economic system built up a particular kind of monopoly-capitalist state. The subsequent development of state capitalism assumed various forms in keeping with the specific features of each country.

3) It will not be without interest to ask: what direction will the inter-European contradictions take? Monopoly integration of the big firms is proceeding. It can be said that this kind of integration is going ahead noticeably faster than the integration of economic and political institutions. What is more, the boundaries of state capitalism will prove too restricted for monopoly integration. The supra-national trend, too, is encountering

formidable obstacles. Uneven development of the national economies is accentuated, and this accounts for the certain gravitation toward protection observed in a number of countries, France in particular, while the free play of economic laws tends to strengthen the position of West Germany. But although the integration movement in Europe is meeting with this dual resistance, it nevertheless answers the objective need for a regrouping of the national economies under the aegis of the most powerful monopoly groups. We are still far from a supra-national West European state capitalism. The differences between political and economic systems, and the different correlation of class forces in the different countries are a precarious basis for such association. Until at least the initial elements of political integration with its institutions are created, the Common Market will offer the monopolies only the advantage accruing from it as an exclusive arena of competitive struggle and growing concentration. In all countries fear of foreign competition and the drive for profit will make it necessary to embark on riskier "structural" changes and "reorganization" more acceptable to the victims.



# ***Changes in the economic structure of postwar capitalism***

LUDEK URBAN

TWENTY YEARS have passed since the Second World War — a span equal to the interval between the two world wars. This naturally prompts one to essay some comparisons between the economic development of capitalism in the postwar period and the interval between wars.

Even a cursory comparison with the 'twenties, and especially with the ten years of economic stagnation that preceded the outbreak of the Second World War, shows that the postwar has been marked by greater stability.

Some of the basic differences are apparent at once.

First, postwar rates of economic growth have been higher. In the developed industrial countries per capita production growth in the 'fifties was double the prewar rate, notwithstanding the breaking away of the colonial hinterland of imperialism. The economic advance was largely stimulated by the development of external economic relations, especially between the developed countries. In other words, underlying the growth was the expansion of their home markets. Technological progress made considerable headway, stimulated by the Second World War and the postwar armament drive, though the technological revolution forged ahead even when military spending relatively declined.

Second, intensity of the cyclical fluctuations has considerably declined in the postwar. The biggest slump in business activity was registered in the USA, although the production drop was slight compared with the crisis of the 'thirties, when the U.S. gross national product was sliced almost in half. In the other developed capitalist countries cyclical ups and downs were negligible.

Third, there has been a substantial increase in employment, some West European countries have for all practical purposes exhausted their domestic manpower reserves. True, the USA still has quite considerable unemployment, the number of jobless running to 4-5 million. But it should be borne in mind that the U.S. unemployment rate was higher after the crisis of the early 'thirties, and at the moment the country is experiencing a shortage of labor power of certain skill ratings. With the growth of employment in the developed capitalist countries the conditions emerged for a sizeable increase in personal consumption.

The comparatively far-reaching changes in the economic structure of capitalism since the war have attracted the attention of economists in both the capitalist and the socialist countries and have evoked lively discussions among Marxist economists as well as between Marxists and non-Marxists. A profound understanding of these changes, their origins and nature, their overall trend and their impact on the further development of capitalism and the perspectives of socialism is indeed of first-rate importance.

Non-Marxists, as a rule, make a point of the magnitude of the postwar changes in capitalist economic development, some laying the emphasis on the changes in the system of distribution of the national income, others on changes in the class structure of society. Most of them underscore the role of the state as a central body actively intervening in economic life. Western economists as a rule agree that postwar capitalism has managed to free itself of the fetters that shackled it in prewar times. Theories about the "transformation" of capitalism claiming that it has shed many of its former features are widespread.



The views of the Marxists on postwar capitalist economic development have undergone considerable evolution. Although Marxist political economy has never denied that capitalism has acquired a number of new features relating to the economic role of the state, changes in the cycle, technological progress and so on, the tendency prevailed for quite some time to explain these changes primarily by non-economic external factors, such as the impact of the Second World War and the armaments drive, and, consequently, to consider them to be of a transient, short-lived nature. To a point this view was justified: the war undoubtedly gave added impetus to some economic processes which otherwise might have slowed down. On the other hand it reflected the tendency in our economic thinking to fit the new processes into a ready-made pattern stemming from an unwarranted absolutization of the specific features of the 'thirties. It will be recalled that this period, marked in many countries by two crises and a protracted depression, mass unemployment, a low level of accumulation and an absence of any visible signs of a genuine upswing, was a comparatively brief one. Yet the conclusions which Marxist economists drew from an analysis of this short span and which subsequently gained general recognition were for long considered the only correct conclusions.

Hence the currency even in the late 'fifties of the view that capitalism had more or less exhausted its internal potential for growth, that economic and technological progress were possible only under the influence of external factors such as war and the armaments build-up, that capitalism was incapable of achieving any genuine upswing and that its future was one of more and more severe crises. The conclusion drawn from this was that capitalism would give up the ghost as a result of protracted economic and technological stagnation. Moreover, it was generally believed that the spokesmen of modern capitalism, whether politicians or economists, could not appreciably deepen their own understanding of the functioning of the economic mechanism in the developed capitalist countries inasmuch as capitalist theoretical thought was in a state of profound crisis.

It was only after the Twentieth Congress of the CPSU that a creative approach to assessing postwar economic development and modern capitalism generally gradually came to predominate. Since then Marxist economic theory has registered considerable progress.

As regards postwar developments (in particular, the relatively rapid growth, the technological revolution, high level of employment

and absence of severe crises), it is becoming clearer that the changes are not of an ephemeral nature and cannot be attributed solely to the consequences of the Second World War on generally to the influence of external factors. True, the aftermath of the war still made itself felt in the economy of some West European countries in the early 'fifties. It is also true that the war accelerated some modifications in the economic structure of capitalism (for instance, introduction of centralized regulation and allocation of resources) which otherwise would have proceeded more slowly. But although postwar capitalism has had less recourse to those forms of government intervention necessitated by the exigencies of war, the substantial changes that have taken place in its structure are by no means temporary. On the contrary, it can be assumed that these changes are of a more lasting nature, impinging on the intrinsic economic mechanism of capitalism.

Regardless of the differences between levels of industrial development in the various countries, it may be said that deep-going changes in the economic structure, in the overall system of capitalist relations of production and distribution, have asserted themselves everywhere. But nowhere have they come about spontaneously; they have been effected with the intervention of central government agencies. Furthermore, the prerogatives of these central bodies in shaping economic policy, though varying by countries, are clearly based on common theoretical premises evolved by contemporary bourgeois economic thought. Capitalist political economy has unquestionably made some progress in apprehending how the mechanism of the capitalist economy operates in present-day conditions. The main contribution to non-Marxist economic theory in this sphere has been made by the Keynesians.

While regulation of the capitalist economic machine was the result of more profound treatment of the subject by bourgeois theoreticians, the spur to "progress" in this direction was given by the adverse economic trends, in particular in the 'thirties, which endangered the economic and political positions of monopoly capitalism. Most Western writers now concede that the 'thirties witnessed convulsions so grave as to place in doubt the ability of capitalism to survive another crisis without changing its structure. Consequently, the need arose for more profound economic analysis, for an accelerated quest for new ways and means of overcoming the elements of stagnation, deep-going crisis and mass unemployment. The consequences of the Second



World War, and in particular the struggle between capitalism and socialism, have given an added impulse to this striving.

We would, however, be giving more credit than is due to bourgeois economic theory if we failed to point out that the development of monopoly capitalism had already paved the way for changes in its internal economic structure. Without the objective preconditions, which boil down to an exceedingly high level of capitalist socialization due to growing concentration of industry and capital, all forms of intervention in the economy would be futile.

Let us examine the factors which greatly influenced postwar capitalist economic development.

### HIGH LEVEL OF INVESTMENT

A comparison of the postwar and the inter-war years shows that capitalism has succeeded in substantially increasing the share of investment in the gross product and in sustaining investment activity at a fairly high level. Particularly striking is the difference in comparison with the 'thirties, when a low rate of accumulation was accomplished by a surplus of capital (in the form of either money or unutilized capacity). This suggests that the developed countries have learned the lessons of the prewar years. The more farsighted capitalist economists (Keynes in particular) saw that the capitalist economy, if allowed to drift, was fraught with the danger of stagnation, disturbances of economic equilibrium and loss of confidence in the visibility of the capitalist economic organism. The view gained ground that a spontaneously operating mechanism could not ensure full utilization of the objective and subjective factors of production, and that it was necessary to complement these with centralized regulation. Another conclusion was that inasmuch as investment plays the key role in economic development, the intervention should be directed primarily at sustaining activity in this sphere.

As we have seen, changes have taken place in the internal economic structure of capitalism, in the relations of distribution, which have abolished or partially paralyzed some of the factors that formerly obstructed the accumulation of capital. These changes have followed two lines: first, measures have been introduced to stimulate private investment, and second, the state has become an investor, mostly in areas not attractive enough to private investors. Both are instances of comparatively far-reaching modifications in decision-making on investment as a result of

which investment is to a large extent ceasing to be a private matter only.

Pressures stimulating investment are exerted, in particular, through new methods of taxation, primarily by taxes on profit. A large part of the surplus value created — roughly 40-50 per cent—is thus channeled into the state treasury, which, in turn, puts it back into circulation. The important thing is that this places at the disposal of the state substantial means which otherwise would most likely remain unused in private banking accounts. This extraction of considerable "excess" capital through taxation and its reallocation through centralized agencies is, undoubtedly, one of the cardinal changes in the economic structure of postwar capitalism. This generally accepted practice helps to counteract stagnation and to ensure economic growth rates beyond the reach of private capital.

Economic pressure is often used to induce entrepreneurs to plow back more of the surplus value remaining in their hands, and this to some extent restrains tendencies to distribute profits as dividends and channel them mainly for consumption. The investment level is also influenced by direct government business activity. The economic weight carried by the nationalized sector depends not so much on the size of the labor force as on the share of the state in gross investment, which in the late 'fifties amounted to 34 per cent in France, 40 per cent in Italy, and 41 per cent in Britain. The growth of state investment is due to the fact that, as a rule, the rate of profit is not a criterion of investment in nationalized enterprises.

We do not propose to examine in detail all the measures taken to remove obstacles to investment and to encourage investors. It should be mentioned, however, that in Western Europe 40-60 per cent of all investment activity is now directly under state control, and in the United States and Canada roughly 30 per cent. A comparison of this picture with the inter-war years reveals the methods by which the monopoly capitalists have managed to eliminate some of the former obstacles to economic development and to make it more stable, and bears out the contention that the postwar changes in the economic structure of capitalism are far-reaching and, apparently, of a long-term nature.

At the same time, however, new difficulties have arisen. If formerly the basic problem was that of overcoming the tendencies toward stagnation and setting into motion masses of unused capital, the task now is quite different: regulating economic growth to prevent it from exceeding optimal rates.



For excessive growth accompanied by a high level of demand and employment is apt to send prices soaring still higher. In other words, retardation of inflationary price growth becomes one of the urgent tasks of postwar economic policy. Price inflation has a particularly adverse effect on the balance of payments. Where the regulation is not enough to ensure a balance between the movement of prices and economic growth, it becomes necessary temporarily to check the latter. Stability of the growth rate largely depends on the extent to which this balance is achieved.

### THE TECHNOLOGICAL REVOLUTION

The Second World War, which spurred on research resulting in discoveries and inventions that subsequently came to be used also for civilian purposes (nuclear energy, electronics, synthetic materials, antibiotics, elements of automation, etc.), marked a turning point in technological progress. The postwar arms drive was, unquestionably, another important stimulus.

Postwar economic conditions likewise made for intensive technological progress and the application of scientific findings. Accelerated depreciation, government subsidies, and tax exemptions to encourage technological improvements all helped to overcome many of the former obstacles and facilitate fuller utilization of the potential contained in modern technology.

Here too, as in the sphere of investment, radical changes of a structural order can be observed. The state shoulders a substantial part of the cost of basic and applied research. Obstacles are partly overcome by government financing of research offering uncertain returns or otherwise unattractive to the private entrepreneur. Research, like investment, is increasingly subjected to capitalist socialization, as can be seen from the example of the USA, where more than two-thirds of all expenditure on research and development is covered by the state.

Centralized financing of a considerable part of scientific investigation, even though the arms drive often acts as the immediate impulse, shows that this sphere too has outgrown the framework in which private enterprise was an adequate guarantee of economic advance.

Rapid technological progress has necessitated a far-reaching readjustment of the branch structure of the capitalist economy. New branches have come to the fore, particularly the chemical and electronic industries and the extraction and processing of light

metals. Substantial changes have also taken place in the fuel industry—the share of coal has declined and other sources of fuel now play a bigger role. In general the structure of West European economy has approximated to the U.S. The technological revolution has spilled over from industry to agriculture, and capitalist farming is now a large-scale, modernized undertaking. As a result, in most countries labor productivity in agriculture has grown faster than in industry.

Another important postwar factor is the systematic state intervention in the economy.

### STATE INTERVENTION

All the changes in the economic structure of contemporary capitalism are to one or another extent connected with the active role now played by the state in economic life. Many of the top people in the Western world now realize that the anarchic mechanism of the capitalist economy cannot guarantee stability, full utilization of all production factors and steady growth, and that this function should be vested in a central agency, i.e., the state. Needless to say, state intervention, as they see it, must not be allowed to affect the capitalist nature of the economic structure, but should merely serve to ensure the smooth functioning of the system. This is now the credo of most capitalist theoretical economists and determines economic policy generally.

State intervention has caused far-reaching changes in the structure of capitalism. Nationalization has removed separate enterprises and entire branches of industry from the private orbit. This concentration of large capitalist enterprises in the hands of the state helps to overcome some of the obstacles to economic progress (the lagging of some branches, and the technological backwardness), which private owners would not be able to cope with.

An even more important role from the standpoint of changes in the economic structure and their influence on development generally is played by the centralized allocation of funds through the state budget, the resources of which have been greatly increased by tax policy. Whereas in the early 'thirties budgets absorbed only a negligible part of the national income, now the central bodies have at their disposal anything from 30 to 40 per cent. Capitalism, of course, lays its specific imprint on the way these funds are used, the bulk going to cover government spending for military purposes and far less for productive purposes and satisfaction of social needs.



Government intervention in the spontaneous development of the capitalist economy has also affected the cycle. When central bodies control or directly effect roughly half of all investments, when they dispose of more than one-third of the national income and hence are in a position to influence the level and dynamics of effective demand, economic development can hardly follow the pattern of the classical cycle. On the contrary, it can be assumed that there will be a further diminution of cyclical fluctuations for a fairly long time to come. The changes in the postwar economic structure of capitalism are likely to make for greater stability, although, needless to say, this will not do away with the cyclical nature of economic development.

State intervention with a view to regulating the blind play of economic forces has taken the form of long-term planning and programming. It should be borne in mind, of course, that planning under capitalism cannot meet the interests and requirements of the whole of society. At the same time Marxists have long held that with the transition of capitalism to monopoly it can no longer be regarded as a realm of unbridled anarchy, and that the spontaneity is bound to give way to planning. Engels pointed to this already at the end of the last century, Lenin again reminded us of it at the time of the First World War.

The past fifty years have fully confirmed the points made by Engels and Lenin. In the postwar the trend towards planning, primarily at central level, has been stepped up. At first it was a matter of short-term, mainly anti-cyclical measures, but of late there has been a shift to more comprehensive programs and, in a number of countries, the elaboration of long-term plans for four, five or ten years ahead, accompanied by the establishment of central planning bodies (as in France and Holland, for instance). Capitalist plans are not, of course, obligatory directives, but rather long-term guidelines, based as a rule on thorough analysis, for the economic activity in general and investment policy in particular of both private and state enterprises.

Objectively speaking this trend towards planned regulation arises from the high level of capitalist socialization. Production necessitating big investment (in the new industries, for instance) demands stable conditions ensuring adequate returns. With the emergence of a large state sector the need arises to work out in advance the most efficient ways of using the centralized funds. These and other factors tend to restrict the element of spontaneity and to enhance the element of

planning. Although the process is a limited one under capitalism, the trend toward planning is bound to develop in depth and breadth. But it cannot evolve into the economic regulation needed to meet the requirements and interests of the whole of society.

### **THE GROWING INFLUENCE OF THE WORKING CLASS AND WORLD SOCIALISM**

The working class now exerts a far greater influence on the political and economic processes in the capitalist countries than it did in the inter-war years. This is primarily due to the consequences of the Second World War, which, being a war against fascism, resulted in the progressive forces winning a number of democratic demands. Although these gains have since been whittled down, the reactionaries have not been able to restore the prewar situation. The positions of the working class were strengthened also by the prolonged postwar boom and high level of employment when an actual shortage of manpower made itself felt in some trades. This facilitated the struggle for wage increases and other demands. Consumption by workers increased, in particular under headings which formerly played a negligible part (household furnishings, durable goods, means of transport, holidays abroad, etc.).

Although we do not propose to make any comprehensive survey of the conditions of the industrial workers and other sections of the working population under capitalism, it should be noted that the pressure exerted by the working class has been an important stimulus to postwar economic growth and has helped to maintain consumer demand at a relatively high level.

The part played by the existence of the socialist world in bringing about changes in the postwar capitalist economy should be realistically assessed. As we know, the socialist countries started out with a smaller economic potential, they suffered more from the war, and for a long time had to concentrate all resources on solving the urgent tasks in building socialism. This, among other things, could not but limit their influence on other countries. On the other hand, the capitalist countries found in the changes in their economic structure sufficient internal stimuli to development.

The impact of the economic progress of the socialist world began to make itself felt when it became clear that socialism could not be defeated by force of arms and when the results of the Soviet Union's economic growth and scientific and technological ad-



vance became obvious to all. The gradual approximation of the economic potential of the USSR to that of the United State began to arouse consternation and uncertainty in the West as to the outcome of the economic competition. This gave added impetus to the study of the problems of economic growth in the developed capitalist countries. It would, however, be an oversimplification to assume that Western concern with these problems is exclusively due to the existence of the two world systems. This concern (as well as the trend towards more planning) is engendered by the internal needs of the capitalist economy. There is no doubt, however, that peaceful coexistence imparts to the problems of economic growth a clearly defined political tinge.

### **STRUCTURAL CHANGES IN CAPITALISM AND ITS DOOM**

A comparison of the postwar with the 'twenties or 'thirties shows that by introducing changes in its internal economic structure capitalism has created conditions making it possible to achieve higher growth rates and partially to mitigate cyclical ups and downs, and hence is better able to counteract tendencies towards stagnation. Consequently, the prospect of a severe economic crisis, especially a worldwide crisis, is becoming less likely. The structural evolution is manifest in the changing pattern of the distribution of the national income: although the antagonistic nature of capitalist distribution remains unaltered, the direct right of some capitalists to dispose of their capital at will is restricted. By and large it is a matter of limiting the economic prerogatives of individual proprietors pursuing their own immediate interests and transferring these prerogatives to central bodies dominated by big capital and guided by the broader interests and requirements of the bourgeoisie as a class. The process, of course, is not a smooth one; it may even be reversed at times since it is attended by constant conflicts between individual, group and class interests.

Creating more favorable conditions for economic growth involves departure from the classical capitalist structure. The individual capitalist is often incapable of meeting essential economic requirements, primarily as regards investment and overcoming economic bottlenecks. The spontaneous mechanism of private enterprise, which formerly held undivided sway and ensured a more or less smooth functioning of the system, has now proved utterly inadequate. Its freewheeling operation runs counter not only to the inter-

ests of big sections of the population but also to the class interests of the bourgeoisie. The growing centralization of economic prerogatives signifies that the monopoly capitalists have had to recognize the social character of the contemporary productive forces. This confirms Lenin's point that monopoly capitalism "involves the capitalists, whether or not they want it or realize it, in a new social order representing a transition from full freedom of competition to full socialization."

The postwar modification of the economic structure of capitalism adds up to a combination of those contradictory features which define the character of this transitional phase towards a full, socialist socialization: features of laissez-faire capitalism on the one hand, and on the other, features negating it and leading to its demise. Spontaneity is limited and planning introduced, even though the foundations of private commodity production remain intact. Individual capitalist interests are subjected to restrictions, although the economic intervention of the state serves the interests not of the whole of society but of a privileged class.

When Lenin spoke of the demise of capitalism he had in mind the accumulation in its economic structure of those elements which on a growing scale were the opposite of the "old" capitalism based on unrestricted private enterprise. He saw this demise not in economic stagnation or in the disintegration of society and the economy, but in the emergence of the contours of the economic structure of the future socialist society as the elements of the "old capitalism" are overcome. It was in this context that Lenin spoke of the reality, the approach of socialism and its inevitability. Clearly, the postwar structural changes have to a considerable extent impelled capitalism toward full socialization, toward fuller preparation of the material groundwork for socialism.

The fact that some of the contours of the economic structure of the future society are taking shape in the context of modern capitalism does not signify that full, socialist socialization will be achieved automatically. Since complete socialization impinges on privileged groups, it can be effected only if their resistance is overcome by mass pressure on the part of the social forces headed by the working class.

On the other hand, the postwar developments pose the question of the influence exerted by structural changes on the process of the revolutionary abolition of capitalism. A Marxist examination shows that the changes since the war were inevitable inas-



much as no economic progress is possible without constant internal structural change. Even the monopoly capitalists cannot ignore this fact. Postwar development has clearly demonstrated that without deep-going intervention in the distribution of the national income it is impossible to ensure adequate conditions for economic growth, that without the state sector it is impossible to overcome the obstacles in the way of progress, and that without some limitation of drift and without planning greater stability of development cannot be ensured. But while these changes are necessary, their social content and, consequently, their orientation depend on the balance of class forces and on the pressures exerted by the various social groups.

Structural changes, then, may either meet the requirements of the capitalist class or become a component of the revolutionary abolition of capitalism. Redistribution of the national income necessary for stabilizing economic development can be effected also with the object of curbing monopoly (for instance, through taxation). The removal of spheres of endeavor from the orbit of private enterprise makes for more even development not only in the case of lagging enterprises and branches but in all areas of the economy. The inevitability of planning does not mean that

the programming should be only in the interests of monopoly capital. One or another kind of centralized regulation is essential for any developed economy; the crux of the matter is in whose social interests it is done.

Realization of the inevitability of change in the economic structure has stimulated in the postwar quests for new revolutionary ways of switching from capitalism to socialism. It is to the credit to creative Marxism that it has shown that if the pressures making for structural changes in the capitalist economy are combined with the fight for political democracy, to win control of the machinery of power, these changes can acquire an anti-monopoly and anti-capitalist character. Moreover, to achieve this it is imperative to combine working-class struggle for economic demands with broader effort gradually to curb the power and weaken the influence of monopoly capital and its spokesmen and to strengthen the positions of the progressive forces. These political and economic changes can add up to the relatively peaceful but nevertheless revolutionary abolition of capitalism. An examination of the changes in the economic structure of capitalism shows that the relatively peaceful way to socialism is economically feasible and justified.



## ***The agrarian problem in Morocco***

The following article, continuing our series discussing the agrarian question in the developing countries, was prepared by the **Moroccan Communist Party**.

### **I.**

INDEPENDENCE HAS NOT brought about any improvement in Moroccan agriculture, which is still in a state of stagnation and decline.

This is evident not only from the failure of the measures taken to stimulate production, but also from the decline in mechanized farming.

Agricultural policy-makers have not tackled the problem seriously. On the contrary, they have engaged mostly in demagoguery. The radical technical, economic and social reconstruction so badly needed after the abolition of colonial rule has not been carried out. The development of the productive forces, still largely geared to foreign interests, is hampered by competitive struggle, and public allocations have been too scanty to make any change in the material basis of rural life. The result is inevitable economic regress.

Stagnation, the lag in production growth compared with population growth, is particularly marked in agriculture. Once an exporter of grain, meat and vegetable oils, Morocco is now an importer of flour and vegetable oils. Meat imports increased substantially this year. The shrinkage in home production (of sugar, cotton and silk), owing to foreign competition, which made itself felt long before the establishment of the protectorate, was not arrested by the ending of colonial rule. No upturn has been registered as yet, and our more enterprising and energetic neighbors are beginning to oust Morocco's staple exports—vegetable oils, olives and citrus fruit—from foreign markets. And even when our agricultural products find an export market it is a matter of more and more of our national wealth being siphoned out of the country by the foreign companies and local exporters who have lost all hope of finding openings on the home market.

General lack of interest in agriculture has

resulted in a flight of manpower and capital from the land.

The uncertainty and the absence of any control over agricultural trends has discouraged foreign planters from investing more capital. This sector is disintegrating at a rapid rate, and when the state eventually takes it over it will most likely be completely stripped of implements, manpower, reserves and fertilizers. Should there be a sharp decline in output in the future, this will by no means be due so much to bad management by the state or the new post-reform owners as to the complete indifference of the present owners who are out to get the most out of their holdings with the minimum input. The consequences of such methods will be fully felt in another two or three years.

Nor are things any better in the latifundia. Luxury living and copying of the standards of the developed capitalist countries, wholly unwarranted by the returns from the capital invested, impel the big landowners to employ the most rapacious methods of cultivation, not to speak of the super-exploitation of those who actually till the land.

The tillers of the small farms and jointly cultivated lands with their great lack of capital are hopelessly in debt.

On the whole the price gap between farm produce and manufactured goods has widened to the detriment of the peasant and in favor of the middleman and urban profiteer. Super-exploitation of the growers leads in the final analysis to super-exploitation of the land. Owing to the extremely limited input of capital and to soil exhaustion large areas are gradually turning into desert.

Unemployment and poverty are growing. Every year more and more young people find themselves without any prospect of employment. Stagnation in industry makes it pointless for them to go to the towns, a fact which tends



to render the stagnation in agriculture somewhat less apparent. Concomitants of the poverty such as drug addiction and prostitution are becoming the scourge of areas near the cities. Professional beggars have reappeared, and juvenile delinquency is increasing in villages, where it was never encountered before.

The decline in agriculture and the deterioration of the balance of payments largely caused by it are serious obstacles to economic development generally. The price gap between the consumption goods Morocco sells and the industrial equipment it has to import is steadily widening in favor of the developed capitalist countries. Moreover, while agricultural output continues to fall, expenditure on imported equipment is bound to grow.

The poverty and social backwardness of the peasantry are a heavy burden. Indeed, the poverty threatens to create extremely serious obstacles to economic regeneration.

If the decline is allowed to continue it may reach a point where the trend can be reversed only by Herculean efforts.

Regardless of where the responsibility rests for the present regression, its consequences impinge on all areas of life.

In order to revive and build up Morocco's economy, it is imperative first of all to put agriculture on a sound footing. This is essential not only to provide food and steady employment but also to help accumulate the capital needed to acquire equipment and develop new productive forces. Only rapid development of agriculture can ensure a general increase in production and a higher income level.

We see in the advance of agriculture not only a way to overcome the backwardness of the countryside, to raise the productivity of labor in agriculture and to expand the home market for our industry. Today it is no exaggeration to say that a substantial increase in agricultural production through far-reaching technical reorganization and higher productivity is basic to progress in industry and improvement of the standard of living. This could not be done under colonial rule, when the meagre investments in industry were obtained through economic plunder of the country. But for a country striving towards economic independence the key to progress in the present circumstances lies in agriculture.

Adequate food resources are a prerequisite of industrialization under all conditions. This does not mean that all the food must be home-grown. The essential thing is that the economic structure and foreign trade of a country in the process of rapid industrialization should ensure satisfaction of the rapidly growing food and consumer goods requirements of the population.

Agriculture, the leading sector of the economy, should be the principal raw material supplier to industry in order to put an end to dependence on foreign countries. This applies not only to the food-processing industry but also to many other branches on which agricul-

tural backwardness is a brake (textiles, paper, chemistry of fats).

Industrialization increases the demand for consumer goods owing to the population shift from countryside to town. The peasant entering industry no longer produces his own food. Moreover, his income increases and his consumption standards rise, with a shift of emphasis from staples like grain, sugar and edible oils to meat, vegetables and manufactured goods.

The flow of manpower from agriculture to industry results in a higher purchasing power and a new demand structure on the scale of the entire economy. To meet this higher purchasing power more goods are needed, mainly consumer goods. At first glance it might seem that the exodus from the countryside would not affect rural living standards, and, with fewer mouths to feed, there should be a marketable surplus of farm produce. Actually, however, this is not the case. For the "surplus" food thus made available enables the rural population to consume more.

The conclusion is that agriculture plays the prime role in the overall process of development, and that at the initial stage it is practically the sole source of economic progress.

## II.

Following independence the agricultural situation grew too critical for the ruling circles to ignore. Now these gentlemen — the very people who plunged our agriculture into its present plight — are putting up a great show of activity, claiming that they have found a miraculous remedy. All one hears in ministerial ante-rooms and in the parliamentary lobbies is talk about agrarian reform. But the schemes are more like cook-book recipes than development programs. The proof that these projects are totally artificial and that the government itself is not really interested in them is the fact that the three-year plan makes no provision whatever for their implementation. Either the plan is built on sand, evading as it does the financial and economic problems involved in an agrarian reform, or all the talk about reform is mere eyewash and there never was any serious intention to carry it out.

The *feudal landlords* can hardly be expected to be fervent supporters of agrarian reform. However, falling in with the fashion, they too advocate changes in the land statute, but only as regards the communal lands. Having thrown in their political lot with the foreign interests operating in the country, they are doing their utmost to put off the confiscation of land belonging to the colonialists, or at least to make the measure meaningless. To extend their class base, they are resorting to every possible device to lay their hands on these estates either as the owners or as managers for absentee owners. Needless to say, they oppose every suggestion that curbs be imposed on the right to acquire and use—or misuse—property at



will, regarding such limitation as an alien idea. The only change they are prepared to accept concerns jointly cultivated lands, and that provided control over their management is vested in the local councillors. This would give the feudal landlords a tighter grip on the peasants than they now have through usury, since it is they who elect the councillors. Such a reform would only mean intensified exploitation and plunder of the land.

The national bourgeoisie wants the agrarian reform merely to reinforce its social base, which is still rather weak.

*The national bourgeoisie advocates confiscation of land held by colonialists* on condition that it be sold, leased or otherwise handed over to private operators. Prompted by its class interests, it would direct the country's development along capitalist lines. It would like to follow the pattern of Japan where capitalist development has made phenomenal progress in a feudal society impelled forward by a small but enterprising stratum of capitalist proprietors.

The advocates of this solution hold that alienation of the colonists' land in favor of local entrepreneurs would give added impetus to the economy. Private enterprise, they believe, would release their initiative and place them at the helm of the economy, and, consequently, in a position to net big profits. These profits, it is said, could then be ploughed back provided the traditions of liberalism strike sufficiently deep roots. The pace-setters in economic endeavor, the bourgeoisie holds, should be people deriving their power from the ownership of means of production or a long-term right to dispose of these means.

Any other solution is regarded as economically hazardous by the national bourgeoisie, whose spokesmen argue that transfer of the land to state ownership would result in a diffusion of responsibility and lead to administrative confusion and inordinate swelling of the bureaucratic state machine. Productivity of labor and of the land, they maintain, would decline if the workers and managers were to become state employees, while distribution of the land among the workers and peasants would undermine agriculture owing to the lack of technical equipment and capital on the part of the new owners, even though their position might improve at the outset. Such a social reform might cause hunger in the towns and food would have to be imported. These are serious arguments, but they only give part of the picture, tending to gloss over the real problems facing the country.

The object of capitalist enterprise is maximum profit. In an economy with a capacious home market higher productivity of labor and better organization of distribution make for high returns. In our country, however, the limited home market and foreign competition prompt the private entrepreneur to cut production costs at the most sensitive link—wages.

A reserve army of labor of course enables

the capitalists to cut wages, but this causes a further shrinkage in the home market. And how would the enterprising businessman utilize, in a situation of full liberalization, the super-profit he would obtain partly through greater exploitation of his workers? The drive for maximum profit would impel him to engage in speculative operations since the limited home market would not stimulate an increase in agricultural production. He would be drawn to real estate, transport services, trade and import-export operations.

The proximity of Europe with its mass production of low-cost consumer goods would soon discourage the private entrepreneur who is mainly interested in quick returns.

If there were no Europe, or if it were situated in some remote part of the world, or if we were living in some other age, the Maghreb private capitalist might count on doing profitable business on the African continent and being in a position to make the necessary investments. This is not the case today. Capital accumulation in Morocco and North Africa generally is not enough to finance long-term investments offering slow returns. Liberalization would be for Morocco the surest way to economic collapse.

Without going into a detailed characterization of our bourgeoisie, which essentially does not differ from the bourgeoisie in the other developing countries, mention should be made of the economic and historical conditions in which we live; returns on capital are low owing to the limited home market and the advantages enjoyed by foreign competitors — too slow for the private entrepreneur to keep his head above water by his unaided individual efforts. This is one of the direct consequences of colonial rule, during which the capitalist powers bled the colonial countries and ruined the African bourgeoisie while battenning on the plunder of entire nations. Today too they still enjoy all the economic advantages.

*The technocracy advance a number of arguments on this score in support of their solution for the agrarian problem.* What private entrepreneurs cannot accomplish either singly or jointly, they argue, can be accomplished by the state. The state is in a position to finance long-term investments, ensure surplus farm production through modernization, build up industry and generally accelerate development.

All this is true, but is it feasible in a state such as ours? To strike this note in 1965 is to take a purely theoretical, utopian view of the state as a vehicle for national regeneration serving the interests of the nation as a whole. There is nothing of the kind in Morocco today, as can be seen from a review of government policy since 1956. Nothing has been done even to carry out the five-year plan though it was promulgated as an obligatory law for all.

Everything depends on the kind of state. Being an instrument in the hands of a certain class, it operates solely in the interests of that particular class, though bearing in mind (for



tactical and demagogical reasons) the existence of other classes striving for power. A state dominated by feudal land-holders would pursue a feudal policy in town and country, in the economy and the financial sphere, in education and ideology. In order to preserve the political status quo and bolster up the government, this state at times makes some formal concessions and allows some measure of public discussion. It may even set up two governments — one official, for the sake of appearance, and the other, unofficial, wholly serving the interests of the ruling class.

But how important a factor is the technocracy — engineers, technicians, economists and lawyers — who constitute a relatively stable stratum in the government machinery? The purely technical aspect of administration, the need to modernize the state machine, the specific features of the social structure and the shortage of skilled personnel account for the presence even in the upper rungs of the administrative hierarchy of people who cannot be classified as members or supporters of the ruling class. Many of these people have been trained abroad, mostly in capitalist countries. While attending institutions of higher learning they took part in various progressive movements. Some received their appointments from progressive governments. Hence it cannot be said that all the experts holding government posts are direct and conscious servitors of the feudal element. But are they in a position to oppose the aims of the class in the saddle? Are their reports and recommendations studied and acted upon? In most cases their influence on government policy is practically nil, being limited to the dissemination of certain ideas in the administrative apparatus and among the well-to-do classes, to making recommendations for superficial and formal amendments to the laws promulgated and the policies pursued by the ruling class.

All this shows that there can be no technocratic solution to the agrarian question. The experts can at best camouflage the class policy of the state in keeping with the latest fashion, but they cannot change anything.

### III.

The economic, social and political aspects of life in the countryside are strictly circumscribed. Investment and accumulation of capital in agriculture cannot produce any quantitative or qualitative leap unless they are accompanied by changes in economic relations as new means of production make their appearance. Expansion of farm production is inseparably bound up with the solution of the peasant problem.

But agricultural growth and the peasant question are two different things. The link between them is revealed only by a scientific theory capable of throwing light on the implications of modernization.

For the Marxists it is obvious that progress

in agriculture depends on resolving the peasant problem, which, in turn, is closely associated with the creation of the conditions for the technical reconstruction of agriculture.

Agricultural development in the narrow sense involves organization of the production process on the basis of the latest technical equipment and scientific findings.

The peasant question, on the other hand, is not only a matter of economic and social relations, but represents a whole tangle of problems — technical backwardness and the extremely low productivity of small holdings, the division of the land into tiny plots, the obsolete system of land tenure which prevents the growth of the productive forces and improvement of living conditions. It can be resolved through a radical recasting of the economic, social and political structure in the village. We could cite numerous examples of attempts at modernization and mechanization of agriculture in our country which produced no effect whatsoever. How, indeed, can tractors be introduced on small farms whose size changes from year to year, and with an illiterate, poverty-stricken population with no technical training?

Consequently, the problem of agricultural growth must be seen in all its aspects — economic, technical and financial as well as the social and political. Technocratic solutions ignoring the human reaction to economic relationships are doomed to come up against insurmountable obstacles.

The scientific and technological progress made in agriculture in our time holds out the prospect of man being able to banish the spectre of hunger. But in Morocco no progress has been made in putting modern techniques to use; the plans and projects drawn up to date have remained on paper. The reason for this is that technology can be rationally and fully utilized only under certain production relationships and socio-economic systems.

Production relations in our country are characterized by the predominance of feudal exploitation of the land with its concomitant of backwardness and low production potential; the peasant question still remains to be solved. Socio-economic relations resting on the technical base of the wooden plough and cereal cultivation sets very definite bounds to technological progress and the use of the latest scientific and technical methods. Hence we hold that agricultural growth and social change in the countryside are two aspects of the same problem.

World experience offers daily confirmation of the fact that only by improving the conditions of the rural population is it possible to promote agricultural production. This too is the only way to extricate our peasantry from the slough of poverty and backwardness and to offer them the prospect of a life not inferior to that of the towns.

In order to put our agriculture on the road to progress it is essential to build up in the



countryside large accumulations of capital in the form of machinery, fertilizers and select seed as well as knowledge and technical skills. But, as pointed out above, this will not yield appreciable results unless social relations are so ordered as to provide an incentive to all economic organizations, to every peasant and the community as a whole to raise labor productivity and build up the productive forces.

Without economic relations which would meet the interests of the working people and at the same time the interests of the entire nation, investments would yield no results and professional advice and technical directives would be impossible of realization.

Experience shows that land-tenure systems such as Khamassat\* provide no incentive to the tiller. With practically nothing invested in the land this rapacious system leads to total exhaustion of the soil.

The experience with the state-owned lands likewise shows that management by the government, despite the considerable investments, modern machinery, skilled personnel and proper organization, cannot substantially exceed the level of private production. The reason is that being on the government payroll the personnel has no incentive to display initiative and exert efforts to obtain better results.

Here, too, the question of economic relations is the crucial issue. Unless there is broad and effective democratic control over the centralized management, the most positive steps in the sphere of technology and productivity of labor effected from above encounter strong conscious and unconscious opposition on the part of the producers.

In other words, maximum use can be made of modern production techniques only if the economic relations are properly correlated with social organization and stimulate the maximum economic, social and political initiative on the part of the entire community and each of its members. Violation of this principle not only gives the wrong direction to the development of production relations but puts a brake on the growth of the productive forces.

We, therefore, propose basing agricultural production on autonomous units (self-managed or jointly managed estates, agricultural co-operatives, state farms or even private farms) guided by their own internal economic requirements. They should be organized in such a way as to provide the workers with incentive to greater effort, to display initiative and to build up a fund for financing investment.

The progress of our agriculture is thus directly dependent on advance towards the abolition of archaic land tenure and putting the use of land on a proper footing, under public ownership. The strength of the progressive economic sector (capitalist, cooperative and socialist) is measured not in the percentage of

the total arable which it embraces, but by the share of the national product it accounts for, by its higher productivity as compared with the more backward sectors. The decisive thing is not the amount of land involved but the type of property, degree of mechanization, i.e., the basic means of production, the implements of labor. If this were not so socialism would have been possible in the time of Mouley Ismael.

In the conditions of our country land and landed property are vital factors in relation to which radical changes are imperative. But they are not the only factors.

Nationalization of the land in the USSR immediately after the revolution did not change the "small proprietor" character of agriculture until collectivization. And although the economic relations were changed to strengthen the leading role of the state in the economy and to abolish private property in land, the collectivization as such did not essentially socialize the production process for the simple reason that modernization proceeded at a far slower pace. Consequently, for a long time collectivization amounted to merely simple cooperation in labor, though this of course was a step forward. The land belonged to the state but the labor process often remained on an individual footing.

As Marxists, we proceed from the premise that the character of production is determined by the character of the basic means of production, the implements of labor. The character of the latter affects both the level of socialization of labor and the form of property and the social and economic relationships. Ownership of land is but one of the factors, and hence its role is bound to decline after the agrarian reform in proportion to the use of modern socialized means of production.

On the other hand, it is legitimate to ask whether individual farms of a *non-latifundist* and *non-capitalist* nature would not be more productive than farming on the basis of simple cooperation of labor which the state would have to support by its authority or by extending credit and technical aid. It is not excluded that this may be the pattern in our country, that is, unless we are going to have ample technical equipment.

The decisive influence on the character and the trends of farm production will, then, be exerted by the relation between property in land and the technical structure and type of ownership of the other means of production (farm machinery, etc.) and also the character of the working capital.

If a substantial part of the basic means of production belongs to the state, the strength of the state sector or the cooperative sector controlled by the state will depend on the efficiency with which it is used, irrespective of the mode of production. This would create a definite system of economic relations in the countryside as well as a definite system of interdependence in production; it would, moreover, give the main impulse to the gradual re-

\*A type of sharecropping. The sharecroppers, Khamassy (from Khamas meaning "five"), receive as a rule one-fifth of the crop, the rest going to the owner of the land, the implements, the draft animals and seed.—Ed.



construction of the individual farms. Thus, given a strong and growing sector established on land belonging to the colonialists, private ownership of land would inevitably undergo modifications; this would in effect usher in the transformation of the old forms of landed property into the money-rent form, which in time would gradually disappear under the impact of the economic relationships and economic, political and social control. It is here that socialization in the countryside begins.

We have learned a number of lessons since independence — the unsuccessful experiment with cooperatives and division of the land are a case in point. The early cooperatives formed in Morocco boiled down to a primitive form of pooling labor, and often were limited to joint marketing of vegetable oil.

What we advocate is a general agrarian reform which would abolish and prevent the resurgence of forms not conducive to investment in agriculture (for example, archaic systems of land tenure, large private estates, foreign-owned farms and feudal latifundia), and the establishment of a strong, efficient socialist sector on land taken away from the colonialists which would give a real impetus to economic progress.

The agrarian question, then, can be solved by the immediate transfer of all communal land, the *guich* and *habous*\* land and the government-owned estates to those who actually

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\*The *guich* are tribes, mostly of Arab origin, who were granted land and exempted from taxes in exchange for military service. The clan property of the Berberes now regarded as inviolable is known as *habous*.—Ed.

till them. The same applies to the latifundia, which should be distributed among the sharecroppers and the peasant communities who have tilled this land for generations. The present owners could retain their homes and holdings sufficient to provide for themselves and their families without employing hired labor. Their holdings should not, however, be more than fivefold the area allotted to each of the former tenants.

The land belonging to foreign owners, together with the tractors and implements, farm buildings, seed stocks and crops on the field, should be handed over to peasant committees for use in the interests of the working peasants. All the assets on the former colonialists' bank accounts should be sequestered. This and the confiscation of the land of the latter without compensation would lay the groundwork for the socialist sector, the trail-blazer for the reconstruction of the countryside.

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Needless to say, the above program runs counter to the interests of the present ruling classes. But the economic canker which is gnawing at the country's vitals is steadily discrediting these classes. Demagoguery and partial reforms will not save the feudal element or the comprador bourgeoisie from political defeat.

There is, then, a way out of the poverty and economic backwardness bedeviling our country. To discern that way, it is enough to study the interests of the country and of its working people. And these interests should come first.



# ***Upsurge of the anti-imperialist movement in the Philippines***

J. MARAVILLA

THE PHILIPPINES is reaching a new stage in its long and difficult struggle for full independence from American imperialism. A nationalist upsurge, embracing workers, peasants, students, intellectuals and a new industrializing Filipino bourgeoisie, is moving in the direction of a broad anti-imperialist national united front. This is being hastened by the fresh attempts of American imperialism to strengthen its hold on the Philippines and to retain the country as its main base for penetration and intervention in Southeast Asia.

## **A COLONIAL HISTORY**

Lying at the center of an arc that cuts through Formosa, South China, Indochina, Malaya and Indonesia, the Philippines is an area of great strategic importance and is the hub of United States military, naval and air operations in Southeast Asia. A nation of 31 million people and of rich resources that could well sustain a highly industrialized economy, it is also a major market and investment area for American imperialism.

As a unified nation, the Filipino people have never had full control over their own affairs or their own destiny. It was a colony of Spain for 377 years, from 1521 to 1898. The tyrannical rule of Spain produced an exploited and impoverished peasantry (who were in the vast majority and who still comprise 64 per cent of the population), a small wealthy class of feudal landlords, and the beginnings of a restless middle class that was denied economic or political opportunities. The radicalized middle class united with the peasantry to gain its objectives

in a major revolution against Spain that began in 1896. This was essentially a bourgeois-democratic revolution in a colonial setting, the first such anti-colonial revolution in Asia, and it led to the establishment of a democratically-oriented Philippine Republic in 1898.

The main aims of the revolution of that time were: full independence, the destruction of the feudal agrarian system and the development of commerce and industry in Filipino hands.

American imperialism, however, seized the Philippines from Spain at the moment when Spain's rule was being overthrown. The Philippine Republic was crushed by American military force. The bourgeois-democratic revolution of that period thus was frustrated. Its aims were denied by American imperialism throughout its colonial rule.

From the outset of its domination, American imperialism had for its allies the feudal landlords and the comprador interests that were involved in the export of raw material crops to the United States. These were mainly the sugar barons and the producers of tobacco, coconut products and abaca (hemp).

The middle classes, defeated in the armed struggle for independence, had their way barred to economic enterprise and were forced to realize their ambitions in colonial politics. Here, in the petty rivalries of a limited field, caught between the bribes and the pressures of foreign business interests on the one hand and of the big landlords on the other, these groups were enmeshed in the pitfalls of corruption.

United States investments in the Philippines were limited during the colonial period to public utilities, mining, banking, sugar milling and the export-import trade, and eventually totalled



around \$250 million. It was the trade relationship, however, that was most profitable for American imperialism. This was perfected as a "free trade" system in 1909, with a few Philippine raw materials entering the United States on a quota basis free of duty and with unrestricted quantities of American manufactured goods flowing to the Philippines. This colonial relationship effectively prevented the growth of any Philippine industry and left both domestic and foreign trade in the hands of foreigners.

Philippine nationalism and the struggle for independence, however, continued to develop throughout the American colonial period. A trade union movement, with printers and tobacco workers in its forefront, was organized as an anti-imperialist force in the early years of the American occupation. In the 1920s, under the leadership of the outstanding Marxist, Crisanto Evangelista, a Philippine Workers' Congress was formed that affiliated to the Red International of Labor Unions. At the same time, the worsening conditions of the Filipino peasants led to the formation of strong peasant unions, particularly in the central provinces of the main island of Luzon, where tenancy was most vicious.

Historically, Luzon has been the birthplace of the principal Philippine revolutionary movements, most of which have had a peasant base linked with the workers and intellectuals of Manila, which is the largest city and the political, industrial and educational center of the country. It was on Luzon that the Katipunan, the organization that led the revolution of 1896 against Spain, arose, where the present revolts of the Tanggulan and the Sakdal occurred during American rule, where the Communist Party of the Philippines was organized in 1930 with a strong base in the urban proletariat and in the landless peasantry, and where the Huk guerrilla struggle against the Japanese fascist occupation occurred during World War II.

The struggle for independence during American colonial rule was a national struggle. Although the Filipino workers and peasants bore the brunt of the anti-imperialist and anti-feudal battles of the independence movement, the rudiments of a nationalist bourgeoisie also demanded an end to colonial domination. They conducted an increasingly strong campaign for economic protectionism for Filipino businessmen, and in the Philippine constitution adopted in 1935 prior to independence they succeeded in including an article providing for a 60 per cent share of Filipino capital in all corporations established in an independent Philippines.

In the period of the 1930s the upsurge of the movement for independence coincided with the severe economic crisis that then shook American imperialism. United States domestic producers of beet sugar and dairy products, eager to shake off "free trade" competition from Philippine sugar and coconut oil in a time of shrunken markets, supported a Philippine Independence Bill in the American Congress. In

the Independence Bill that was finally approved, a 1946 date was set for independence, by which time "free trade" was to terminate and American military forces were to withdraw.

### A NEO-COLONIAL INDEPENDENCE

World War II brought profound changes to all Filipino class forces and to American imperialist policy toward the Philippines.

During three years of Japanese occupation (1942-1945) a popular guerrilla liberation struggle was conducted in which the Communist Party greatly strengthened its mass base in Luzon. It organized and led the Hukbong Bayan Laban sa Hapon (National Anti-Japanese Army) which firmly rooted itself among the peasantry of Central and Southern Luzon. A united front relationship was developed with nationalist bourgeois groups. These groups gained a new impetus toward independence due to the fact that Filipino entrepreneurs began to turn to self-sufficiency with the cutting off of American-made goods by the Japanese occupation.

American imperialism, on its return to the Philippines in 1945, found itself confronted by the renewed demands of the bourgeois-democratic revolution. Unable in the face of popular expectation to reverse the promise to hand over independence, the United States proceeded to create a neo-colonial Philippine Republic. This was done by 1) putting in power the feudal landlord-comprador allies of imperialism regardless of their collaborationist record during the Japanese occupation; 2) restoring the supremacy of American imperialist interests in the life of the country; and 3) ruthlessly suppressing the nationalist movement.

A new political party, the Liberal Party, was set up to support imperialist aims and won in the first postwar pre-independence election through American financial and armed forces backing. Independence was handed over to this grouping, in which sugar and coconut producers and feudal landlords in general predominated, who were less interested in independence than in preserving profitable colonial relations, and the government it established quickly approved the economic and military measures demanded by American imperialism.

These included 1) a trade agreement, called originally the Bell Trade Act and later amended inessentially as the Laurel-Langley Agreement which re-established the "free trade" system to run with gradually applied duties until 1974; 2) a "parity" agreement attached to the trade act which forced the amendment of the Philippine constitution to exempt Americans from the provision that 60 per cent of the capital of corporations was to be Filipino and guaranteeing equal rights for Americans in all economic ventures; 3) a Military Bases Treaty that gave the United States 23 huge military base sites in the Philippines with a 99-year lease; and 4) a Military Assistance Agreement that



provided for the training, equipping and supplying of Philippine armed forces by the United States and that placed them under the supervision and direction of a Joint United States Military Advisory Group (JUSMAG).

These measures, which drastically altered the pre-war Philippine constitution and Independence Act, preserved the dominance of the feudal-comprador classes in alliance with American imperialism, acted as a barrier to industrialization and national development, and aligned the Philippines disastrously with aggressive United States cold war policies in Asia and elsewhere. In order to implement these policies American imperialism and its allies moved to destroy the nationalist forces.

### THE POSTWAR HUK GOVERNMENT

Following the defeat of Japan, the Communist Party, which had led the armed struggle of the Huk movement, disbanded the guerrilla forces it had organized and adopted the tactics of legal, parliamentary struggle to help achieve a genuine independence based on national unity for democratic development. It joined with nationalist bourgeois elements to form a new political force, the Democratic Alliance, which opposed the re-establishment of colonial relations with the United States. The Democratic Alliance entered into coalition with the mildly nationalist Nacionalista Party in the pre-independence election in 1946 in an attempt to defeat the bid of the imperialist-backed Liberal Party for power. In this election, the Democratic Alliance won all the congressional seats in the Central Luzon provinces, including the election of several Communists.

Although the Liberal Party won the national election, with Manuel Roxas assuming the presidency, it failed to gain sufficient seats in the Philippine Congress to assure approval of the economic and military treaties demanded by American imperialism. Furthermore, under Communist leadership, a new strong National Peasants' Union (PKM) had emerged in the areas of Huk influence and a new militant Congress of Labor Organizations (CLO) had been formed in Manila and elsewhere, both actively opposed to the neo-colonial schemes.

To ram through imperialist wishes, the reactionary Liberal Party regime launched a brutal campaign of suppression of the popular opposition. Prior to independence day, 1946, all Democratic Alliance congressmen and a number of Nacionalistas were arbitrarily ousted from Congress without legal procedure. Once this was done, approval of the trade and "parity" agreements was rushed through (still with a margin of only one vote). Armed terror by government troops and by private landlord-paid "civilian guards" was launched against the national progressive forces, with the torture and murder of Democratic Alliance leaders, of Communists, or former Huks, and of leaders of the PKM and the CLO. The objective was to

smash the mass base of anti-imperialism and anti-feudalism.

The Communist Party at this time was relatively disorganized and demoralized by the onslaught. Although the cadres and the peasant masses took up arms spontaneously, re-formed the old Huk units, and fought back effectively, the leading organs of the Party were divided on whether to pursue an all-out armed struggle, to fight through legal channels in alliance with bourgeois nationalist forces, or to conduct a combination of these.

In mid-1948 a short-lived amnesty agreement was arrived at between the Huks and the Liberal government. The Communist Party sought in these negotiations to persuade the new president, Elpidio Quirino, to adopt a nationalist program as a basis for a democratic settlement of the armed conflict. Quirino, however, betrayed the amnesty agreement and turned to the United States for more military aid against the Huks. With this development, and with a re-organization of Communist Party leadership that placed the advocates of a determined armed struggle to the fore, the Huk movement was reinvigorated as the Hukbong Mapagpalaya ng Bayan (Army of National Liberation) and embarked on an expansion policy. From its bases in Central and Southern Luzon, it expanded by means of armed expeditions that set up organized mass bases throughout the island of Luzon and across the central Visayan Islands. This was facilitated by the growing economic crisis of neo-colonialism, by the extreme corruption of the Liberal government, and by the terror employed everywhere against the people. The program of the Huk movement at this stage was still for a democratic peace, for agrarian reform, for the abrogation of the unequal treaties with the United States, and for democratic guarantees. It continued to seek alliance with the nationalist bourgeoisie and supported the candidates of the Nacionalista Party in the elections of 1947 and 1949.

Fraud and terror on a large scale were used by Quirino to keep the Liberal Party in power in the 1949 national election. Mass resentment followed among the Filipino people. In January 1950, taking cognizance of the deteriorating political and economic situation, the Communist Party decided that a revolutionary situation existed and called for an all-out armed struggle, for the armed overthrow of the imperialist-puppet regime, for the completion of the bourgeois-democratic revolution under "the hegemony of the working classes" and for the establishment of a new democratic government. A period of two years was projected as "preparation for the seizure of power," during which Huk expansion would be pushed to all provinces, revolutionary committees for land distribution and for workers' control of industry would be set up in all areas, the guerrilla forces would be converted to a regular army, and a provisional revolutionary government would be organized.



The intensified armed struggle alarmed American imperialism, which responded with a variety of interventionist policies. Emergency military, economic and political missions were hurried to the Philippines. A program of import and foreign exchange controls was hastily adopted to halt the critical deterioration of the neo-colonial economy. An agreement for economic aid (the Quirino-Foster Agreement of 1950) was made, one of the provisions of which was the introduction of American "advisers" in all government departments. Most emphasis, however, was given to extensive military aid, with re-organized and greatly enlarged Philippine armed forces under the direction of an increased United States "military advisory" group, and with a CIA-directed intelligence force.

Finally, the imperialists undertook to replace the discredited Liberal Party government with a Nacionalista Party administration that would have a facade of reform. An obscure and pliable Liberal politician, Ramon Magsaysay, was hand-picked by the JUSMAG to be secretary of national defense in the Quirino government and promoted by skilful propaganda as an "honest man" toward national leadership.

Between 1950 and 1956, under the impact of the imperialist counter-offensive, the Huk armed struggle was defeated, the Communist Party cadres were decimated, and the movement for national-liberation received a major setback.

It is important to ask and to answer the question as to why the Communist-led Huk struggle was defeated in the Philippines. The reasons lie for the most part in errors of estimate and of tactics made by the movement.

1) In estimating that a revolutionary situation existed in 1950, the Party was incorrect in concluding that the imperialists and their allies were in an irrecoverable situation and that they "could no longer rule in the old way." The Party erred in thinking that the Filipino people in general at that time "could no longer endure the old rule." In truth, the imperialists had a wide range of maneuver (it was not found necessary, for instance, as in Korea and in South Vietnam, for the American troops based in the Philippines to be put into the field against the Huks), and the people were susceptible to promises of "reform."

2) Once a revolutionary situation was declared, the Party put almost all emphasis and cadres into the armed struggle, to the neglect of legal forms of struggle and to the neglect of allies unprepared for this sharpest of struggles. Proclaiming the principle of "the hegemony of the Party over the revolution," the Party failed to project and to build a united front against imperialism and to find the forms of struggle by which broader masses of the people could have been drawn into action. In the election of 1951, which prepared the way for Magsaysay to come to power, the movement declared a boycott of the election (to which the people did not respond) and turned the

edge of the armed struggle against both major parties in disregard of alliances possible at all levels. The nationalist bourgeoisie was frightened and antagonized, and allied itself in 1951 and 1953 with the rabid pro-imperialist and anti-Huk Magsaysay. The Huk movement gradually became isolated from allies among other nationalist forces that continued in their own way to resist the neo-colonial encroachments of American imperialism.

3) Having become over-confident in 1950, the Party became careless in its security measures. The price for this was the arrest in October 1950, in the city of Manila, by the imperialist-directed Philippine intelligence agencies, of the entire Party secretariat and of many other top-ranking cadres. Complete files of Party documents and correspondence were captured in these raids which fully exposed the organizational and tactical preparations of the movement. With remaining leading cadres scattered on expansion assignments and unable for months to convene to re-establish a directing organ for the struggle, this blow resulted in dislocation and in loss of initiative, which was never recovered.

4) The Philippine national-liberation struggle was, in addition, physically isolated from international allies, and had to face imperialist intervention with virtually no support from anti-imperialist forces abroad.

Throughout this period the Communist Party of the Philippines conducted itself in the most heroic manner. Thousands of its cadres and members died fighting in the fields, the forests, the swamps and the streets of cities. Of the original nine members of the Political Bureau of the Party in 1950, all were either killed or captured. The entire Central Committee of the Party in the same period were either killed or have suffered imprisonment, with many still in prison after fifteen years with the most extreme sentences. The Party was left almost without effective cadres to rebuild the movement after the defeat of the armed struggle.

Nevertheless, the Communist Party, firmly rooted in the Luzon peasantry and in sectors of the industrial workers, was not destroyed and has succeeded in rebuilding its organization. After 1956 a tactical shift was made from armed struggle to forms of underground and legal struggle. To meet this, American imperialism in 1957 put pressure on the Philippine government to adopt an Anti-Subversion Law which provides the death penalty or life imprisonment for membership in the Communist Party or in any organization similar to it.

## THE RESURGENCE OF ANTI-IMPERIALIST STRUGGLE

American imperialism, however, has failed to stabilize its position in the Philippines. Within a few years of the suppression of the Huk movement a whole new situation of nationalist upheaval has developed.



Of major significance has been the emergence of a full-fledged nationalist bourgeoisie. These elements first gained their foothold from the emergency economic controls introduced in 1950 to prevent a further slide into crisis that would have favored revolutionary forces. The controls acted as a form of protection for Filipino entrepreneurs who had opposed "free trade" and who now began to erect industries to manufacture restricted imported goods. Within a decade their investments spread from consumer manufacturing to power, steel, oil refining, chemicals and other fields. Manufacturing rose from 10 per cent of gross national product in 1950 to nearly 19 per cent in 1963. In 1954 they formed the Philippine Chamber of Industries, a body with nationalist aims.

Imperialism, forced at first to grant concessions to these groups to prevent them from supporting the national-liberation movement, hoped to exert a neo-colonial control over them, mainly through the pro-American administration of President Ramon Magsaysay, who sought to divert attention away from industrialization toward "rural improvement" and who advocated a "positive nationalism" of "partnership" with the United States. Within the Magsaysay administration, however, a sharp debate on the course of Philippine national policy was launched in 1954 by the more nationalist elements in the Nacionalista Party (led by Senator Claro M. Recto) which aligned itself with the rising Filipino industrial and business groups. When Magsaysay died unexpectedly in 1957, the trend toward nationalism was encouraged by his successor, the Nacionalista Carlos Garcia, who endorsed the slogan of "Filipino First" raised by the Philippine Chamber of Industries and the Philippine Chamber of Commerce and who called for "economic independence" to match the "political independence" of 1946.

The nationalist bourgeoisie in this period succeeded in wresting control of the import trade from aliens (particularly Americans), in nationalizing retail trade and in gaining some tax and tariff concessions for the protection of industries. They supported the launching of a new Nationalist Citizens' Party (headed by Recto) in 1956 and a National Progress Movement to agitate for a militant nationalist program, and sought to win control of the Nacionalista Party which Garcia brought into coalition with these groups.

Filipino comprador circles have also been restive under relations with the United States. Production of sugar, of coconut oil, and of other raw materials has been exceeding the quota limitations in the American market, and Filipino producers have chafed under the bonds of imperialist policy that has prevented the Philippines from having any relations with socialist countries, a logical market for such exports. A tendency for a shift of comprador capital to industry and to public utilities has occurred. Among the supporters of Senator Recto was a sector of the sugar producers.

With these developments, American imperialism shifted its support again to the Liberal Party and succeeded in defeating Garcia's bid for re-election in 1961, the Liberal Diosdado Macapagal gaining the presidency. Macapagal's first move, early in 1962, was to abolish economic controls and to encourage a fresh wave of American investments without extending any protection to Filipino industrialists. Insisting on their "parity rights," American interests have demanded exemption from nationalist legislation (including nationalization of retail trade), have forced many Filipino businessmen through control of financial and credit sources into unfavorable joint venture arrangements as a prelude to their take-over, and have put their main emphasis on plantation-type agro-industrial ventures that attempt to redirect Philippine national development into agrarian rather than into industrial paths.

American imperialist investments in the Philippines are now nearly double those of prewar years. In addition to former holdings, they are now to be found in manufacturing, oil refining, chemicals, steel, food packaging and canning, plantations, glass making, lumber, pharmaceuticals, and a variety of assembly plants. Many Filipino industrialists, in addition, because of the domination of American brand names, have been compelled to obtain licensing of American manufacturing processes for their own products.

Faced by efforts to retard or to put back the clock of Philippine development, the Filipino nationalist bourgeoisie has begun an open fight against neo-colonialism. Calling in particular for the immediate abrogation of the "parity" agreement and for the termination of the trade agreement, these groups are urging the drastic revision of all relations with the United States, including the military agreements. Significantly, too, in the past year they have moved to join with anti-imperialist labor and student groups in organizing mass demonstrations against imperialist policies, and have moved to gain control of press facilities to conduct a fight for nationalist policies.

The rise of an organized nationalist bourgeoisie has coincided with the re-emergence of a militant anti-imperialist labor movement. Following the outlawing of the Congress of Labor Organizations in 1951 during the anti-Huk terror, the imperialists endeavored to stifle the Philippine trade unions: government registration was denied to militant unions; support was given to the organization of a Catholic trade union association, the Federation of Free Workers; an Asian Labor Education Center was financed by the United States government for "training" labor leaders in "labor-management cooperation" and in "anti-subversive" measures; and reforms such as a minimum wage law were promoted. These tactics have failed to quell the Filipino workers.

Soaring prices, particularly after the abolition of economic controls, have turned the minimum wage law into a vise that has



squeezed workers into literal hunger. The retarding and frustration of industrialization has caused mass unemployment, with one out of every four members of the labor force totally unemployed and an equal number partially employed. Workers have been thrown out of jobs by the retrenchment of Filipino industries due to an imperialist-dictated credit squeeze. In this situation, a militant labor leadership has come forward to lead determined strikes in a number of labor federations, especially the National Association of Trade Unions, the Philippine Association of Free Labor Unions, and the National Association of Federated Labor Unions. In 1963 these federations and others supported the foundation of a new Labor Party (Lapiang Manggagawa), which has adopted an anti-imperialist program, including demands for industrialization, land reform, the extension of civil liberties, the removal of American military bases, and the abrogation of unequal treaties with the United States.

The Filipino peasantry, which bore the brunt of the butchery, the torture, the burnings and the re-concentrations of the anti-Huk campaigns, is again being driven to the point of desperation. In many areas the peasants were won over by promises of "land reform" during the Magsaysay regime. These promises have turned out to be either false or superficial. The few peasants who managed to obtain land under the Magsaysay "land reform" law (allegedly intended to convert tenants into freehold landowners through government acquisition and sale of large estates), were left without government assistance to give them a start, fell back into debt to big landlords, and have lost their land back to the old owners or to more ruthless land-grabbers. A new "land reform" law passed in 1963 under the Macapagal administration to replace the Magsaysay law was amended into impotence by landlord congressmen, with even the remaining provisions unimplemented up till now. Today the tenancy rate is actually higher than when "land reform" was initiated, standing at over 40 per cent of farms worked. Unemployment is at its worst in the countryside, where one-third of families live in conditions of starvation and abject misery.

In the agrarian areas of Luzon where the Huk movement was strongest, the Communist Party has succeeded in rebuilding both legal and underground forms of organization and struggle. The government has resumed periodic large-scale military operations in these areas to intimidate the peasants, on the grounds that the Huk movement is being revived and is preparing for another armed struggle.

Most outspoken and most active of the new organizations in the Philippine struggle for freedom is the Kabataang Makabayan (Nationalist Youth Movement) which has linked a militant student movement with worker and peasant youth. Formed in 1964, the Kabataang Makabayan, together with the Lapiang Manggagawa, has been the main factor in the series of anti-imperialist demonstrations that began

in August 1964 as a protest against the use of military bases in the Philippines to bomb Vietnam and against the multiple murder of Filipinos by American troops on the bases. As the continuing demonstrations grew in size, they have demanded the abrogation of all military and economic agreements with the United States, opposed imperialist pressure for the involvement of Filipino troops in the war of intervention in Vietnam, and called for the ousting of imperialist agencies such as the JUSMAG, the Peace Corps and the USIS.

Most significant of the recent demonstrations in the Philippines was that of 15,000 Filipinos who marched to the United States Embassy in Manila on January 25, 1965, to protest against the unequal neo-colonial economic and military treaties. For the first time workers, students, peasants and nationalist businessmen marched together to denounce imperialism, an impressive manifestation of the trend toward united action by all the democratic forces in the Philippines.

The January 25 demonstration was a milestone in the emergence of the new forces for national freedom in the Philippines. It is to be noted that none of the leaders or participants in the demonstration had been members of the Huk movement or of its mass organizations. American imperialism, after striving in every way to suppress the Philippine struggle for complete independence, is now confronted with a new generation of Filipinos who are taking their place beside those who have fought imperialist neo-colonialism in the past. The development of new cadres and of new forms of organization and of struggle is, however, only the first step toward the creation of an anti-imperialist national united front.

One of the tasks of the nationalist forces at this stage is the dissipating of the oppressive atmosphere of suppression, fostered by the imperialists during the period of anti-Huk terror, which still permeates the Philippines. A campaign for amnesty for all Huks, both for those who are still hunted in military operations and for those who are in prison, is important not only for a broader struggle but also to weaken reactionary military circles that use the excuse of a "Huk threat" to retain a dominant position. A struggle for the release of political prisoners, particularly the Communist and other Huk leaders, must go hand in hand with a struggle to repeal the Anti-Subversion Law and to restore the legality of the Communist Party and of the outlawed labor and peasant unions.

Of greater importance is the need to find an organized form of expression of a national united front. The Lapiang Manggagawa, representing the militant sectors of the organized workers, is small and limited and could comprise but one element in such a front. The nationalist bourgeoisie, with no party of its own, has sought in the past to capture or to attain hegemony in both the Nacionalista and the Liberal Parties, but has failed to win



either to full support of its aims; it needs a political organization of its own in order to win or to share power. The peasantry, for its part, has had no legal political voice since the suppression of the Democratic Alliance.

The presidential election campaign of 1965 underscores the necessity for an independent nationalist political movement. Both major candidates—Diosdado Macapagal of the Liberal Party and Ferdinand Marcos of the Nationalista Party—are vying for the support of American interests, and neither offers an alternative

for the people. Aware of the spreading popular resentment against both parties, the Roman Catholic Church has launched its own "third force" Party of Philippine Progress.

In this situation it is crucial for the nationalist forces to shape their own political instrument around which a national united front of workers, peasants, intellectuals and nationalist bourgeoisie with an anti-imperialist program can be formed. This is the main task in the present stage of the struggle for national freedom in the Philippines.

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# ***Christian democratic reformism: the Chilean experiment***

ORLANDO MILLAS

EVER SINCE President Eduardo Frei's tour of Western Europe it has become fashionable in the bourgeois press to counterpose the Christian Democratic government of Chile to the revolutionary government of Cuba as an alternative for Latin America. The spokesmen of the Christian Democratic regime in advancing their political formula make a point of saying that it will protect the capitalists from the danger of the "Cuban" solution, and the people from the risk of being saddled with dictatorial regimes like those in Brazil, Bolivia or Ecuador. Jacques Maritain, the neo-Thomist philosopher, who was the first to advance ideas which horrified the more conservative Catholic circles at the time but which later won the day at the Second Ecumenical Council, came in person to the Chilean Embassy in Paris to greet his favorite pupil Eduardo Frei.

The essence of the Christian Democratic experiment cannot be properly assessed without taking account of the circumstances that engendered it, without a correct appraisal of the contemporary world situation, the liberation movement in Latin America in general and the struggle of the Chilean people in particular.

## **CHRISTIAN DEMOCRACY IN CHILE**

How did the Christian Democrats come to power in Chile?

It should not be assumed that the most politically active sections of the population, primarily the basic groups of the working class (the miners and the workers in the manufacturing industry), wanted a government of this kind or helped to put it in power. Quite the reverse. For the popular movement had de-

veloped to the point when there appeared to be a good chance of it winning the Presidential elections in September 1964. Realizing that they could do little to stem the tide, and that in the circumstances a coup d'etat was hardly likely to succeed, the reactionaries—the Right wing politicians, the imperialists, the landowning and finance oligarchy—were obliged as a last resort to give their backing to the reformist Christian Democratic trend, regarding it as the lesser evil. They supported it both directly and indirectly by launching an all-out anti-Communist campaign for which no expense was spared.

The result was the formation of a government whose election slogan was "revolution in conditions of freedom" and which repeatedly emphasized the need for change, although it was brought to power by the support—out of sheer desperation — of all those who want neither revolution, nor freedom, nor indeed changes of any kind. Its social base is as contradictory as its origin. In the theses submitted to the 13th National Congress of the Communist Party of Chile, the government is characterized as follows: "On the one hand it is influenced by the winds of change now felt in Latin America and the whole world, by the exigencies of social development in Chile, by the popular struggle for progressive changes, and also by the fear of disappointing the hopes of those who voted for these changes. On the other hand—there are the class limitations of Christian Democracy itself, pressure exerted by the imperialist companies and financial oligarchy, and the resistance of the landowners."

From the standpoint of the social composition of Christian Democracy in Chile it should



be stressed that this is a multi-class party. All classes and social strata are represented in it, as is evident even from the composition of its parliamentary group. Among the Christian Democrats one finds landowners belonging to the old feudal aristocracy, bankers, finance magnates, industrial monopolists, corporation lawyers, capitalists, big and small, university professors, professional people, artisans, petty bourgeoisie, school-teachers, clerks, factory workers and peasants.

But who leads this party? It owes its strength to the fact that it acts as the chief political mouthpiece of the national bourgeoisie, and to the support it enjoys among those sections of the population influenced by bourgeois ideology. Its leadership consists mainly of professional people, who though petty-bourgeois according to social status, are closely linked with the middle bourgeoisie. Some of the newer industrialists also belong to this group.

The bourgeoisie in Chile emerged in the beginning of the last century and today operates in all spheres of the economy. Although connected in a variety of ways with imperialism, its objective interests often conflict with those of the latter. Moreover, the long-standing anti-imperialist national tradition continues to make itself felt, especially among the middle and petty bourgeoisie, although obscured at times by fear of the working class which usually leads to vacillation and to compromise with the main enemy of our country. It is this inconsistency that has alerted the masses to the need for working-class leadership in the anti-imperialist movement.

Christian-Democratic thinking, too, is anything but homogeneous, ranging from the obsessive anti-communism of Jaime Castillo Velasco to the questing of Julio Silva Solar who associates the realization of the Catholic ideal with socialism. In the universities and among the Christian Democratic youth in general there is a genuine desire to start a dialogue with the Communists in order to compare ideological positions and explore possibilities for joint action. Nevertheless the tone among the ideologists of Christian Democracy is set by the adherents of "people's capitalism," in the spirit of the "social doctrine" of the Catholic Church.

### REFORMISM IN CHILE

The feature of Christian Democratic policy in Chile at present is its reformism. The observer cannot but note the striking resemblance between the slogans and methods of the traditional European Social Democratic reformism and this Latin American party. It should be said that although the Christian Democratic parties in the different countries are as one in their desire to hold back socialism, there are essential differences in their attitudes. While the Christian Democrats in West Germany, for example, support the im-

perialist tradition of revenge that spawned Hitler, in Chile, on the contrary, Christian Democracy is more receptive to the genuine aspirations of the masses. There is no such thing as a single world Christian Democracy; it takes different forms in different countries. The secret of its success in Chile lies in its long participation in the political struggle and in its forward-looking attitude on a number of issues.

Reformism is not a chance phenomenon. In the article, "The Differences in the European Working Class Movement," written in December 1910, Lenin warned that "in every country the bourgeoisie inevitably devised two systems of rule, two methods of fighting for its interests and of maintaining its domination, and these methods at times replace each other and at times are interwoven in various combinations. The first of these is the method of violence, the method which rejects all concessions to the labor movement, the method of supporting all the old and obsolete institutions, the method of irreconcilably rejecting reforms. The second is the method of liberalism, of steps towards the development of political rights, towards reforms, concessions, and so on." And further: "The bourgeoisie passes from one method to the other not because of the malicious intent of individuals, and not accidentally, but owing to the fundamentally contradictory nature of its own positions. The ordinary capitalist society cannot develop successfully without a firmly established representative system and without certain political rights for the population, which is bound to be distinguished by its relatively high "cultural" demands. These demands for a certain minimum of culture are created by the conditions of the capitalist mode of production itself, with its high level of technique, complexity, flexibility, mobility, rapid development of world competition, and so on. In consequence, switches in the tactics of the bourgeoisie, turning from violence to apparent concessions, have been characteristic of the history of all European countries during the past half-century, the various countries developing primarily the application of one method or the other at definite periods."

One of the many contradictions between U.S. imperialism and the Latin American countries stems from the predilection of the former for the use of force in this area at a time when the most elementary requirements of capitalist development in these countries are impelling groups of the national bourgeoisie to toy with a "liberal" policy. Both Roosevelt and Kennedy who appreciated the dangers inherent in this contradiction tried to modify it, but without success. For at bedrock lies the contradiction between the *objective* interests of the *metropolis*, concerned solely with preserving its domination, and those of the dependent nations striving to assert themselves on the scale of the continent and on the international arena. Many people were surprised when the U.S. intervention in the Dominican Republic evoked such an outburst of indignation in Latin Ameri-



ca not only among the anti-imperialists but also among those who are not averse to making deals with imperialism. The invasion of the Dominican Republic, which showed the utter disregard on the part of the imperialists for democratic institutions and the right of nations to self-determination, outraged the deepest feelings of our peoples. Even in those republics where the military dictatorships were installed as a result of coups engineered by the Pentagon and the CIA the regimes are in a permanent state of crisis.

The reformist policy in Chile is in itself a setback for U.S. imperialism, even though the Christian Democratic government restricts it to measures which protect rather than endanger the interests of U.S. investors. The fact is that nowadays any development along democratic lines is detrimental to imperialism.

Why is reformism in Chile embodied in the Christian Democratic Party? Unlike the traditional West European brand, reformism in Chile, as in some other Latin American countries, did not find favorable soil in the Socialist Party. The Chilean Socialists stand for united action with the Communists together with whom they form the Popular Action Front. The vast majority of the working class, as was confirmed by the recent Congress of the United Trade Union Center, favors a revolutionary, anti-imperialist and anti-oligarchy policy with socialism as the ultimate perspective. In the 1964 elections, 40 per cent of the electorate voted for this policy.

Considerable sections of factory workers, office employees, the peasantry and other groups of the population, however, tend to support the reformist policy. The Radical Party, until recently the most influential party in the country, was unable to rally the masses and to lead the broad reformist movement. True, it established contact with the Socialist International and its university youth call themselves Social Democrats. The Radical Party has a solid following among office employees and school-teachers, the middle sections and also among some groups of the labor aristocracy. After 1947, however, when the Radicals broke with the Communist Party, they joined forces with the traditional Right to pursue a violently anti-labor policy under the Radical President Gonzales Videla. Since that time the workers have regarded this party as a bourgeois party, and its participation more recently in the Right-wing government of Jorge Alessandri left the people with the impression that its leadership was dominated by the finance oligarchy. Today anti-communism is discredited in Chile, and parties which take an anti-Communist line are finding it very difficult to gain support. Despite the fact that in the past ten years the Radical Party has adopted a more democratic policy, it has not yet lived down the memory of the anti-Communism of Gonzales Videla.

As for the National Democratic Party, its social base, consisting mainly of handicraftsmen,

small shopkeepers and other segments of the urban and rural petty bourgeoisie, has prevented it from becoming a spokesman of the interests of the masses, who are orientated on reformist policy. The masses have been taken in by the propaganda and the political missionary spirit of Christian Democracy which since its inception has presented itself to the masses as the supporter of joint action with the Communists (a fact which at one time caused it to be at loggerheads with the Church hierarchy). The Christian Democratic Party has won important influence also among university students.

What are the prospects of Christian Democratic reformism? It is generally oriented on the capitalist path as a means of extricating the country from its present state of economic stagnation. The Christian Democrats promise to carry out an agrarian reform aimed at abolishing the semi-feudal latifundias, to introduce some anti-monopoly measures, to stabilize the currency, establish relations with all countries, conclude agreements on Latin American integration, promote industrial development and to tackle such vital questions as housing and school construction.

The obstacle to the realization of this project is that imperialist domination — the main reason for the country's backwardness — is left intact. The first step taken by the new government was to conclude the "copper conventions" granting privileges to the U.S. enterprises exploiting Chile's chief mineral wealth. The government is thus immediately caught within a vicious circle and all the hopes reposed in it are endangered. So long as the interests of imperialism remain unaffected, the government will have neither the means nor the opportunity to make any appreciable headway.

#### FROM REFORMS TO THE ANTI-IMPERIALIST REVOLUTION

The reactionary forces are biding their time, demagogically taking advantage of the inertia, the blunders and the inconsistency of the Christian Democratic government. With an eye to future coups, they hope to be able to mobilize the backward sections of the population who now pin their hopes on the reformist policy of the government and who are bound to be disappointed when a new situation sets in. U.S. agents are warming their hands at the fire of sedition. Witness the sensational revelation by the newspaper *El Siglo* of the so-called Camelot Plan which the U.S. Department of Defense had begun to carry out in Chile. Its purpose was to ascertain through a secret poll the kind of slogans and propaganda that could be used to engineer a coup and on whose support it could rely.

What direction does Communist activity take under a reformist government of the present type? Our Party emphasizes the need for the working class, all working people and all democratic forces to unite and isolate the im-



perialist agents and reactionaries. The Communists cannot afford to sit back and wait passively for developments. The Party has clearly defined its policy as a policy of firm, active but not blind opposition.

The Thirteenth Congress of the Party which had just begun when the present article was submitted for publication, was preceded by three months of discussion inside the Party. These were extensive and lively debates permeated with the spirit of criticism and self-criticism. The general line of the Party was endorsed at thousands of meetings held at all levels, demonstrating the unity and cohesion of the Party. The report submitted by Comrade Luis Corvalan, General Secretary, was a synthesis of the collective thinking and effort that had gone into the preparation of the Congress. The keynote was the need to unite the progressives in the opposition and in the government to combat the reactionaries in the government and in the Right-wing opposition. "What is needed," stated a leading article on the Congress published in *Principios*, theoretical organ of the Party, "is to secure a turn to the left in national policy; to halt the veering to the right which can lead to military gambles and coups; to clear the way for the struggle for the urgent demands of the people and for changes that could lead to the realization of their revolutionary aspirations."

The Congress of the Socialist Party, held at the beginning of July, reaffirmed the party's loyalty to the Popular Action Front and the policy of friendship and alliance with the Communist Party. The masses which supported the Front in the presidential and parliamentary elections in 1964 and 1965 have remained true to the Left. Experience has shown that the program of these parties is still valid, that the promised Christian Democratic reforms have not materialized and that it is necessary to rally the people in the fight for the much-needed changes.

Our Party has reaffirmed its resolve to strengthen mutual understanding with the Socialist Party, to strengthen the unity of the Popular Action Front as the decisive factor in regrouping and uniting the democratic forces. It is clear that the basis of this unity and the motive force of the struggle for revolutionary changes is the working class which is carrying on the fight with vigor and enthusiasm.

The Communist and Socialist parties, while opposing the reactionary aspects of government policy, support everything positive in it, and specifically its activity in favor of peace and disarmament and peaceful coexistence; its criticism of the OAS and its condemnation of U.S. aggression in the Dominican Republic; its adherence to the principle of respect for the independence of states and its resolute refusal to accept the project for a continental army. The resolution passed by the U.S. Senate providing for the possibility of intervention and violation of the sovereignty of any Latin American country called forth opposition not only

in the FRAP but also in the government, and in the Radical and Liberal parties, which came out officially in defense of the independence of the republics of the Latin American continent and condemned the action of imperialism.

In view of the fact that the vast majority of the people of Chile want progressive changes, our Party is working for mutual understanding among Communists, Socialists, Christian Democrats and Radicals in the struggle for definite objectives. Through the medium of parliament, municipal councils and public meetings the Party constantly advances and supports all projects and measures designed to benefit the people. Reactionaries in the ranks of the Christian Democrats accuse the Communists of seeking to bring down the government in order to take its place. But the resolute stand taken by the Communists has demonstrated the baselessness of this and has shown that the Communists are prompted by neither opportunist nor narrow tactical considerations. On the contrary, they are actuated solely by their desire to secure the speediest satisfaction of the people's aspirations, by the needs and interests of the nation as a whole and by their devotion to the cause of peace and liberty.

The situation in the country is featured above all by rising activity in the mass organizations. As the crisis of the present structure deepens, the desire for joint action by the working people increases. The trade unions are growing stronger. Numerous organizations are springing up in the rural localities. The public is taking a more active part in the neighborhood councils and committees whose activities are already coordinated within the framework of the municipal and provincial councils. Housewives, too, who in the past confined themselves to the precincts of the kitchen, are beginning to take part in public activity. The country is seething with activity. The Christian Democratic administration, naturally, tries to take advantage of this to strengthen its influence by directing it into the channel of class collaboration. But the militancy of the masses lends an independent and unitarian character to the popular struggle.

A case in point was the government's attempt to introduce a wage freeze, frustrated when the workers succeeded through strikes in improving their standard of living.

The reactionaries would like to preserve the gulf between the revolutionary and the reformist groups of the working class and the people generally by hindering their joint actions. Following the advice of the U.S. Embassy, the bourgeois press is doing its utmost to aggravate these differences, to deepen the ill feeling engendered in the course of a number of political campaigns, to sow discord between the Communists and Socialists and Christian Democrats. This is a favorite tactic of that section of the Christian Democratic Party which gets its support from the U.S. and the Bonn monopolies and is bent on making a deal with



the Right. But the opportunities for mutual understanding are increasing from day to day: a growing tendency is to be observed in the enterprises, in the towns and in the villages towards unity between those who voted for the Popular Action Front candidates in the last elections and those who supported the Christian Democrats.

New trends are appearing also among the Catholics and even among part of the clergy. The days when the excommunication and interdicts dealt out by Pope Pius XII caused believers to regard their clergy with distrust and turned many clergy into active anti-Communists seem very remote indeed. The Catholic Church used every means at its disposal to secure the victory of the Christian Democrats. In doing so it had to come before the masses, to concern itself with a host of earthly problems and to initiate a dialogue with the main forces of the popular movement in which the Communists and Socialists play a most active part. Nowadays it is common for members of parliament, Communist mayors and Catholic priests to speak from the same platform, in support of the demands of the people. The movement of the homeless families in Santa Adriana village, the residents of which courageously resist police repressions, is supported both by the trade unions led by Communists or Socialists and by the Catholic organizations and the priests of the parishes concerned. This by no means implies that differences and antagonisms have disappeared or that the old prejudices have ceased to exist. Apart from everything else, it should be borne in mind that U.S. circles are exerting strong pressure on the Chilean Church. On the whole, however, the situation has unquestionably changed. Even the Sunday sermons contain less exhortations to humility than formerly, and overtones of faith in man and in his capacity to change his life along progressive lines are heard.

To the reformist policy of the government, the vanguard of the proletariat must respond by acting flexibly without the slightest manifestation of sectarianism, displaying broad-mindedness and at the same time firmly upholding the revolutionary positions in debates and in the mass actions.

The course of world development reveals, through a myriad of everyday occurrences, the true character of the contending forces. The tradition of solidarity with the struggle of all fraternal peoples is strong among the people of Chile, and our working class has been brought up in the spirit of proletarian internationalism. The achievements of the Soviet Union, the country that is now building communism, have won the esteem of the working masses. Our people are following the Cuban revolution with the greatest admiration and enthusiasm. The actions of the Latin American peoples against imperialism and the oligarchies, actions which today assume so many different forms, find an immediate response

among our people.

On the other hand, the deeds of world reaction clearly reveal its criminal aims and dastardly methods. The ruthless war against the people of Vietnam, the racial discrimination in the United States, the terrorist actions of the CIA, the aggression against the countries and peoples of different continents, the drive toward militarization and aggression — all arouse the indignation and repugnance of men and women of good will. Communists and Socialists, Christian Democrats and Radicals join in public protests against the "Johnson Doctrine" and U.S. intervention in the Dominican Republic.

Now that humanity is advancing from capitalism to socialism, the peoples are no longer willing to abide in poverty and backwardness. The desire for change is becoming an irrepressible force.

All bourgeois governments that succeeded one another in Chile solemnly assured the people that they would implement the long overdue reforms. This, alas, has not been done, because the bourgeoisie no longer has the vitality to take the lead in the revolutionary process. At present, however, a new bourgeois-reformist trend exists in Chile, one that is rooted in the people. At the same time our country has a strong working-class movement, whose sights are set on revolution. This movement is working to unite the efforts of all who yearn for progress, who seek to isolate the representatives of imperialism and oligarchy, implement reforms and pave the way to democracy and progress.

An agrarian reform aimed at abolishing the latifundia, the return of the national wealth usurped by imperialism, industrial development along modern lines, a substantial improvement in the conditions of the people, far-reaching democratization, abolition of the power of the monopolies and the financial oligarchy — these are the basic objective demands satisfaction of which is a matter of life and death for Chile.

What role will the Christian Democrats play in the struggle for these patriotic aims and, looking ahead, what role will they play during the transition to socialism? We Communists have neither illusions nor prejudices on this score. In the final analysis their future will depend on themselves, on the extent to which the sound elements in Christian Democracy prevail over those associated with U.S. and West German imperialism. We believe it would be a good thing if the Catholic trend, which has long been rooted among the people, were to participate from its own positions in the revolutionary process of our time. Its influence will be determined by the extent to which it is able to convince the masses of its consistency.

As for us, every Communist organization in its own sphere of activity, and the Party as a whole, together with our allies and with the masses behind us, are fully resolved to carry out our historical mission in the struggle for full social and national liberation.



## Britain: tasks of party building

THE EXECUTIVE COMMITTEE of the Communist Party of Great Britain at its meeting in November 1964 set up a Committee on Party Organization.

Its terms of reference were:

1. To make proposals to ensure that the Party organization tackles the next stage of our growth, and is fitted to carry through the political aims of our Party. In this connection to examine the work of Party Branches.

2. To make proposals regarding the size, structure and organization of the Party districts, their relations with area committees and branches (the problem of Greater London to receive special handling).

3. To make proposals to strengthen the financial bases of the Party and especially to consider: (i) The dues and quota system, amount and apportionment; (ii) The method of payment and level of wages of full-time workers.

The Committee invited all organizations and members of the Party to send in their views and experiences. A large number of communications were considered — many being based on discussions in committees and meetings of the organizations.

The Committee presented its report in May 1965. The Executive Committee endorsed the general line of the report and charged the various committees and departments of the Party Center to begin the implementation of the report.

The report has been printed and a copy has been sent to every member of each branch committee. Discussions are now going on in every organization of the Party around the ideas and proposals made.

### THE NEXT STEPS IN THE PARTY GROWTH

Some of the problems which have to be overcome in the next stage of our growth towards 50,000 members arise from the fact that not all our Party organizations are yet able to carry out all-round political work amongst the people. The first condition for building the Party must remain the public activity which is achieved only when a branch sets out consciously to direct its main efforts outwards.

Even then recruiting is not an automatic process. Even in great political, class battles recruiting must be organized and planned.

The conception of a mass Party, which successive Congresses have discussed and reaffirmed, and which is related to our whole program and perspective, demands that we welcome into our ranks all who want socialist change in Britain, a better life for the workers and their families, and are willing to help, as members of the Party, to win our general aims. We need in our ranks all men and women who are prepared to play a part, according to their own position, abilities and understanding, to bring nearer the victory for our policies.

Thus we have to work to build the kind of branches which can increase their capacity as campaigning political organizations, by making it possible for ordinary men and women to come into them, find a welcome there and a permanent place in our ranks. In this way we can reach out, through our members, to wide sections of the people, winning many of these members to increase the contribution that they make to the work of the branch.

Such an approach means that side by side with the public fight, the electoral and all-round political campaigning, leaderships at all levels must carry out political activity amongst the membership to strengthen their understanding and links with the Party. Such activity is an inseparable part of building a mass Party. Since at any one time our membership figures show that a good proportion of our members have been in the Party less than five years and that the proportion will increase, the importance of this work becomes clear. This means personal discussion with members, encouragement to read the *Daily Worker* and our literature, the collection of their Party dues and finding some way in which they are willing and able to help the Party.

Time spent in this way can bring rich rewards if members can be won to deepen their knowledge of Party policy and increase their support for its work, for this is the way in which branches can strengthen their links with the membership and through the members with many new sections of people.

It is on this basis that it is possible to organ-



ize for the objective of steady recruiting all the year round as an essential part of all Communist activity.

### THE PROBLEM OF MEMBERSHIP LOSSES

The advance in our membership of one-third over the last six years cannot be over-estimated.

Advance in membership depends not only on winning new members, but also on the ability to retain them. While we must expect some rate of loss (2-2½ per cent in any year is accounted for by deaths), the rate of loss during the last five years has been far too high.

We lose members for many different reasons. Some have been recruited on some particular aspect of our policy, do not go forward to a wider understanding and so lose interest. Some join in a campaign or a mass movement and when the situation changes they fall away. Some never find themselves able to fit into the life and activity of the Party branch, or indeed may be in an area where there is as yet no effective branch to hold members together. Changes in employment may cause wholesale losses in a factory branch unless there is good contact with the member where he lives. Some members may lose contact when they change their address.

It is the responsibility of our Party to make an organized effort to overcome this problem. One of the ways in which we can do this is to achieve the kind of contact with our members we have already outlined, for members will be convinced that it is worth while staying in the Party to the extent that we deepen their understanding and help them to find a place in the life of the Party.

In the conditions of Britain today the action of joining the Party has enormous significance and is the basis on which we must build.

We have to win the conviction that every member is valuable and that every effort must be made to retain each one. This requires a system of education to meet the needs of comrades at all levels.

All-round improvement in branch life, better control of membership, an advance in the caliber of branch officials, especially the secretary, can all help to reduce membership losses.

### YOUNG PEOPLE, THE PARTY AND THE YOUNG COMMUNIST LEAGUE

One of the most significant trends in the British political scene is the increasing role played by youth. The last few years have seen the participation of thousands of young people — some of them still of school age — in the peace movement, in the movement against racial discrimination, in support for oppressed peoples, and in the fight for a better life, and the rejection of the ruling class ideas.

The ideas of the Communist Party have a deep attraction — young people are particular

ly interested to hear of the opportunities for individual development in a Socialist society, the harnessing of the productive forces for the benefit of all, the new values of Socialist society. They are full of questions about life in the Socialist states and eager to discuss the character of full Communist society.

Because the Communist leadership in the struggles on the immediate issues which concern young people is coupled with the appeal of the ideas of Marxism-Leninism there are tremendous opportunities to win young people to our side.

The Young Communist League has in fact doubled its membership in the last two years. Its paper *Challenge* is very widely read and influences the outlook of many in the youth organizations of the Labor Party and Trade Unions. It has led into action wide groups of young people against U.S. aggression in Vietnam, foreign bases in Britain, the need to better training and higher wages for young people.

Yet today the YCL is only one-seventh of the Party in size. There are many towns without any YCL organization, and there are many Party branches where there is no YCL. This position severely limits our influence amongst young people, and so undermines the whole advance towards socialism. It is the Young Communist League members who can appeal most effectively to other young people, lead them in struggle towards a fuller Socialist understanding. The small size of the YCL also limits the number of recruits from the YCL which the Party may hope eventually to receive; yet all experience shows that such recruits, having had experience of activity and education in the YCL, bring tremendous strength to the Party and frequently take responsible positions in the Party organization.

Helping the YCL to achieve a rapid expansion is an urgent task facing all the Communist Party organizations. This aim must be a YCL several times bigger than at present with a YCL branch alongside every party branch, and with *Challenge* being taken to young people everywhere, even where no YCL branch exists at present.

This involves the organization of help at all levels with Party district committees setting definite objectives for the recruiting of YCL members, the formation of new branches and assistance to the YCL leadership.

Every Party branch must work out practical assistance to their YCL branch including the allocation of young Party members to work in the YCL, help with tutors and education, organizational and financial questions, and a place to meet. Where no YCL branch exists the Party branch must organize activity among young people with the aim of building a new branch.

A major effort from the Communist Party to help build the YCL and extend its influence among young people will bring a rich return and speed the whole advance to Socialism in Britain.



## STUDENTS AND THE COMMUNIST PARTY

The crisis of imperialism and the deep problems facing Britain have brought a new wave of political awareness among the students. Students were among the first to show their opposition to government policies over Cuba and Vietnam, they have been to the fore opposing the racial policies of apartheid and against oppression in Spain and Portugal. In some universities there is wide questioning and open rejection of reactionary philosophy and teachings. This is the background to the doubling of the Party membership among students in recent years.

The extension of this political ferment at a time when the total number of students and places of higher education are growing offers immediate possibilities of even bigger growth of our membership among students.

With this important possibility of growth the Party District leaderships have the responsibility of helping often individual students to recruit and so form a new branch in their college and establish members in other colleges where we have none at the moment.

Help to existing student branches is especially important because they face special problems since each year about one-third of the total student body is new and one-third leaves to take up jobs.

The aim of a Student Communist branch must be the presentation of Communist ideas through meetings and discussions, sales of the *Daily Worker*, *Marxism Today* and the Communist student paper *Mainstream*, as well as the many Marxist books of special interest to those who will be our future professional and intellectual workers.

It is in the universities and colleges that the attack upon Marxism is often most virulent and consistent, and our students need assistance to find the best ways of combating this.

Following the adoption of the Report the Executive Committee has begun a special examination of the problems of the student branches and student organization, with the aim of helping the effective presentation of Marxist ideas to the increasing number of students.

## WOMEN IN THE COMMUNIST PARTY

Though more than half of the population of Britain are women only 28 per cent of our membership are women and there is obvious scope for a substantial increase in women membership.

The gap must be narrowed in the next stage of the Party growth.

Women are playing a big part in the political campaigning. They have been to the fore in great movements on prices, social services and pensions; demanding that the people's needs come before profits and owners' spending. The women are at the heart of the peace movement

and quick to respond to all threats of war. The hopes and actions of very many women coincide with those of our Party.

All the work now being carried out by women in the labor movement shows what a wealth of energy they have, what capacity to react quickly to political issues.

Though our women members play a big part in our political campaigning, organization and life of the Party, yet many women who share our views face real difficulties in taking their place in our ranks.

Yet we shall not build the Party we need unless we recognize and overcome these difficulties. There must be a place for women with young children and for those growing numbers who are working during the day but have the responsibilities for homes and families in the evenings.

Our branches, if we are to recruit more women, must be ready to organize special activities which interest them, held at times when it is possible for them to join in. It may mean forming women's groups, and encouraging co-operation between members so that participation and links between the Party, family and women members are strengthened.

The increasing number of women at work demands that the Party factory branches give special consideration to influencing and recruiting women. Any tendency to ignore women workers and shy away from the very sharp difficulties in involving them in factory branch life would deprive us of a militant force of great political power.

## BREAKING NEW GROUND IN DEVELOPING THE PARTY

There are two aspects of this problem which our Party has to consider in our next stage of growth. There are still many sizeable towns and many large industrial enterprises where no Party organization exists. Very big changes are taking place in the distribution of population, with new towns and new industries coming into being. In established towns new estates and residential areas are being built.

The population in London and Southeast England is expanding rapidly, while declining in the old industrial areas of Scotland, Wales and the North. Coal and cotton are declining industries, while electronics, oil and chemicals factories are being established in new industrial areas.

While retaining our roots and extending our influence in the older areas and industries we must be aware of the changes and have plans and perspectives of building Party organizations in the new and developing areas.

Party growth cannot be left to the chance that some of our members may themselves move to these areas or transfer into these new industries. In the 1950's we successfully built Party organization in many of the New Towns



as a result of policy, planning and exchanging of experience.

Our effort for planned growth in all these directions may necessarily be limited, but the important thing is to begin. Out of the first steps a considerable extension of our Party influence and organization will become rapidly possible and then bigger efforts can be made.

### **THE BRANCH AS THE BASIC UNIT OF THE PARTY**

The basic units of the Party, the branches, either in a factory or a locality, have a profound effect in determining the outcome of the decisions of the higher committees. It is in the branches that our members pursue their political work among the people, they influence recruiting and the initial stage of educating and developing new members.

The Executive Committee has had several discussions on branch life and worked out practical steps to help. Material, handbooks and guides have been prepared to help branch officers and active members to improve the work of their branches.

No matter how limited its present influence may seem, every branch must be clear on the objective which determines its whole activity. Every branch is needed to help win socialism in Britain. This means campaigning on the issues affecting the lives of the people, sharpening the struggle against monopoly capitalism and working to secure Communist councillors and Members of Parliament.

We work for unity in action with other sections of the Labor movement, and participate in common with the people throughout the world in the fight for peace and against imperialism. We seek to create socialist understanding and the conviction that it is necessary to end the power of the capitalist class and bring about socialist change.

Therefore a branch has to have as its aim the development of many-sided activity. It should show political initiative and be able to take national policies and relate these to the conditions, whether in the factory or locality. It has to be able to decide on priorities and relating its plan of work to the possibilities that exist, achieve successes, however limited, and so help raise the confidence and fighting spirit of the members.

A local branch should work in such a way as to be closely linked with the people and accepted as an important influence in the community. Our branch leaders should be acquainted with the leaders of other local organizations, and our members should fully participate in local and labor movement organizations. This means having one or more candidates in all elections; speaking regularly to the people through the columns of the local paper; distributing Party leaflets and selling literature and the *Daily Worker* at established places (including selected industrial enterprises where as yet no factory branch exists).

The branch has also to know about its own area, about the social services, local government questions, about industry, the number of factories, the workers employed there. In co-operation with the district or area committee it has to accept, as an important way of strengthening the Party, a share of responsibility in building new factory branches in its area.

Side by side with this work amongst the people the branch has to have a functioning secretary and committee, and meet regularly, with well prepared and politically attractive content to the meeting. It needs a program of political education and cultural activity, an atmosphere of lively discussion, comradely concern for the problems of its members, and consistent efforts to find ways in which each member can make a contribution to the work of the Party.

Although the total volume of political work we carry out is very great, only some of our branches can be said to function in the all round political way we have described. It is necessary for us then to raise all of our branches, both local and factory, to this level.

In raising the status of the branch as a basic unit of the Party it is necessary to win all leading and experienced comrades, whatever their work and responsibilities, to contribute in some way to the work of their Party branch, and to attend a branch meeting whenever they are able. Respect for the Party branch and its leadership is an essential part of making a change in the position in the Party in Britain. All members have something to bring a branch meeting and all have something to learn.

The branch meeting has a key place in the development of the branch as a whole. The aim must be to make this meeting (which should be held regularly on a definite day, and known in advance to all members) a well prepared and informative event. Branch members who attend must feel part of a campaigning political organization, not a visitor to a lecture and discussion.

The Party Rules already require every branch to hold an Annual General Meeting to discuss the report of the branch work in the previous year, receive a financial statement, discuss the branch activity for the coming year and elect the Branch Committee. This meeting should not be a merely formal event but can be of great value in helping branch life. The members, studying their day to day activity in a year-long perspective, learn from their experiences and can measure the impact of the total branch campaigning. The successful branch AGM can be an indispensable aid to the development of branch policy, perspective and leadership.

### **THE RELATIONSHIP OF HIGHER COMMITTEES TO THE BRANCHES**

The development of the branches requires the best possible guidance and effective



methods of leadership from the Executive Committees and Party Center, the District and Area Committees.

The Party has to maintain and extend its capacity to develop national campaigning with swift reaction of our organizations to calls for activity on the major issues of the day, and often our methods of leadership tend to rely on exhortation, on demands for short-term results, on methods which tend to bypass the branch leadership and do not help to develop them. This results in pressure from all directions arriving at branch level. This could have the result of inhibiting development of the branch as a self-reliant and responsible political organization, with its own plan of campaign in relation to national policy.

Our strength as a united political force depends upon our ability to react swiftly to the needs of the political situation, and to use the whole strength and resources of the Party for this purpose. Our branches are not discussion circles pursuing a program unrelated to the events taking place around them. Thought has to be given as to how this requirement to react quickly as a campaigning political party fits in with the development of strong reliant branches. If the status of branches has to be raised then methods of leadership of higher committees must be established which help to build branch leaderships.

The higher committee has a further responsibility to encourage the two-way process of exchange of views and experiences, which is an essential feature of democratic centralism—that is, the systematic efforts by the higher committees to encourage and give careful consideration to the views of the lower organizations.

The higher committees should develop to the full all the possibilities of live personal contact with the branches, thus reducing the number of general paper directives. The aim should be to help the branches to *apply* such general directives to their local conditions, and to work out their own proposals rather than wait for instructions.

### **STRENGTHEN THE FACTORY BRANCHES**

Our aim, as expressed repeatedly at our Party Congresses, of fighting to build factory organization at the same time as we extend our electoral work is entirely correct, and whatever the difficulties must remain our objective.

The organization of factory branches is essential in the fight to build the Party amongst key sections of the British workers, for the struggle in the trade union and labor movement for higher wages, improved labor conditions and the right to work.

In the factories the Party can best conduct the struggle for unity of the British labor movement and win the understanding of the need for socialism and the perspective outlined in our program the *British Road to Socialism*.

Our constant aim must be the recruitment of industrial workers, the sales of the *Daily Worker* and our literature in the factories, and the building of Party organization on the job.

There are many difficulties in establishing factory organization. Nevertheless, in spite of all difficulties our aim must be to hold regular meetings of factory branches (to which non-Party workers can often be invited) with an organized political and educational program. It is essential for new efforts to improve our present position, where only some of our factory branches carry out a high level of *all-round political work*, with a direct influence in the factory and labor movement and in the fight for Communist representation in local and parliamentary elections.

One of the weaknesses existing is the lack of contact between local branches and factory branches working in the same area. Such contact would assist both local and factory branch. It would help direct the factory branches away from any tendency to concentrate only on economic questions, and stimulate more political discussion and action on the general line of the Party. In the local branches it would improve the understanding of industrial issues and the work to build closer relations with the organizations of the labor movement in the localities. All means, therefore, should be used for establishing such contact on a regular basis.

Local branch committees should be informed of factory comrades living within their area, so that they can invite them and their wives and families to branch events. Similarly, factory workers joining a local branch should be encouraged to join their factory branch if one exists. If there is no factory branch then they should be put in touch with the Party committee covering the area of the factory where they work so that they can help in any plans for the development of factory organization.

The need to win an urgent strengthening of our factory branch organization will feature in the forthcoming National Congress discussions.

### **SIMPLIFYING BRANCH WORK**

Some branch leaderships eager to develop effective political leadership among the people find themselves continually diverted by the efforts to maintain the Party organization.

It is necessary for us to simplify our organizational methods, and to cut down the internal tasks expected from branches to the minimum, thus helping the branch to direct its main work outwards to the people.

Nevertheless, we have to win the conviction that this organizational work is not a diversion, but is in fact an essential part of building stronger branches capable of carrying out their campaigning work far more effectively.

The conception of a mass party necessarily means the acceptance of the fact that there will at all times be a tremendous variation in



the contribution to the work of the Party made by individual comrades, according to the political situation and to their personal capacity and circumstances.

The work of the Party branch must therefore include the systematic provision for contacting and politically influencing members who have not yet been won to keep in close touch with the branch.

If out of our political activity we are recruiting consistently then through these new members we shall reach out to whole new sections of the people whom we can hope to influence.

Signing a membership form and paying dues must therefore be seen as the first and enormously important step in a political process which the branch has to assist. Out of this will come a proportion of members who will show themselves willing to accept responsibility in some phase of branch activity. If branch leaderships consciously try to break down and share some of their responsibilities with less experienced comrades their problems will be eased.

If we are to lay the basis for a mass Party this is the approach we have to fight for, but we should aim to simplify all parts of our inner organizational life.

The present method of annual re-registration of members has had many positive features, notably the conviction that it is necessary to cherish and fight for every member, follow up every possible contact and make every effort to recruit. Nevertheless it tended to perpetuate emergency measures rather than to direct attention to what is now the key problem — the improvement in the level of continuous attention to membership questions by branch leaderships *throughout the year*.

### **THE TRAINING OF BRANCH OFFICERS, THE SOCIAL AND CULTURAL LIFE OF THE BRANCHES**

Because of their key role special efforts have to be made to see that branch officers deepen their understanding of Marxism-Leninism through classes, schools and personal study. In addition special training related to their positions can greatly help the branch leaderships, particularly when they take on new responsibilities.

Many of our members engage in social and cultural activities, but in the main these are undertaken outside the Party. Yet we have within our ranks many people with special talents and knowledge, and members interested in a wide variety of social, cultural and scientific subjects and pursuits.

Where branches have been able to take advantage of this, and have organized, in addition to the main branch meeting, special meetings, lectures, film shows, dramatic and musical evenings, and attractive socials, these have enormously enriched the general political life of the branch, humanizing the appeal and

aims of the Party, attracting more people to it, enabling whole families to take part, so bringing them closer to the Party.

Such activities can contribute to showing our Party as an organization with political aims which embody the idea of a better life, with more time to be spent on enjoyment in widely differing ways according to individual interests.

Experience has also shown that the use of music, song and drama, in addition to the main political statement, in large public meetings, has often been very successful.

The attention of the whole Party should be called to the possibilities that exist of enormously improving and enriching branch life, and that experience and suggestions should be made available to the branches. There would be great value in exchanging information on the availability of comrades with specialized knowledge and talents, both in cultural and scientific fields, who would be willing to participate in such special activities.

### **PARTY STRUCTURE**

The Committee in studying the structure of the Party paid great attention to the Districts. It is the highest level committee at which regular detailed contact and help can be given to the branches.

There are big variations in the size of our districts ranging from over seven thousand members to a few hundred. Scotland and Wales cover defined national areas, others have well defined geographical boundaries coinciding with political and economic organization; but a number have boundaries laid down by the Executive Committee after considering many factors including the strength and distribution of our Party membership.

Many district leaderships are strong, politically developed and established collective leaderships, with a team of full-time workers with technical resources and equipment available. Other districts, although in every case with a collective leadership fighting for the growth of the Party, are not so strong and not yet a powerful political force in the district. Some districts have only one full-time worker, and limited technical resources. Here it is essential to try and overcome this position as quickly as possible.

The need for strong collective leaderships with adequate forces and equipment is confirmed by the fact that the rate of Party growth in the bigger districts over several years has been very considerably higher than the rate of growth in the smaller districts. This fact—that the stronger Party organizations become the easier it is for them to become still stronger—is a powerful incentive for all Party organizations to improve their position.

Our smaller Party districts tend at the present time to be in the South and Southeast of England — areas often Tory-dominated and



with a weak labor movement. Yet these areas are in general the areas of population growth and new industrial development. It is essential for the whole future of the Party that we grow most rapidly in these areas and special forms of assistance will be given.

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The adoption and publication by the Executive Committee of the general lines of the report on organization is already having a good effect on Party life. There is widespread discussion leading to a deeper understanding of

the need to build the Party and strengthen its organization. The conviction of all our members is needed so that, overcoming all problems, our Party sweeps forward in new advances.

Nearly every district has set a target for recruitment to be achieved by the Twenty-Ninth National Congress at the end of November. They have expressed their confidence and determination to build the Party and so make sure the advance for the policies which alone can meet the needs of our people.

William ALEXANDER

## **Syrian communists in the fight for social progress**

HALF A YEAR after the changes in Syria's economic policy, reflected in the nationalization of a large sector of industry and foreign trade, a meeting of the Central Committee of the Communist Party held in Damascus reviewed these developments and discussed the perspectives.

It will be recalled that at the beginning of this year all large industrial enterprises and most of the medium-sized factories, the last of the foreign-owned amalgamations and big foreign trade enterprises were placed under public ownership.

Although nationalization of foreign-owned and, later, of some national enterprises dates from 1948, it required the recent nationalization measures to end the political and economic domination of big capital in the country, thus enabling the public sector to gain the upper hand in industry and in foreign trade.

This change in policy is explained by the fact that the forces of the bourgeoisie alone were not in a position to carry forward the industrialization and to protect the national economy. The new developments are the result of the bitter class struggle fought by the working class and progressive forces generally against reaction and imperialism. Of great significance in this struggle was the existence of a fairly strong working class imbued with socialist ideas and ready to defend the factories and other nationalized enterprises.

This evolution became possible only after changes had taken place in the composition of the supreme authority, when Left trends prevailed in the government.

As a result, the correlation of forces changed: the political groups divided into supporters and non-supporters of the new measures.

The attitude taken by the Syrian Communists, who supported the measures, was an essential factor in securing their realization, in rallying the masses around them, repelling reactionary attacks and strengthening the positions of the progressives among the ruling circles.

The Communists made constructive proposals which have contributed to the successful working of the nationalized enterprises and to the success of the measures needed for general economic advance. They pointed to the changes needed in home and foreign policy in order to bring policy into line with the social evolution. The Communists urged in the first place that the people be granted democratic rights, and pointed to the need for cooperation of all progressives in a broad national front, to their joint responsibility for the success of the changes and for rallying the support of the masses; they called for respect for trade union rights and for workers' participation in running nationalized enterprises.

In the sphere of foreign policy the Communists stressed the need for joint action by all the progressives in the Arab countries and internationally, and also for wider utilization of the aid of the socialist countries to promote Syria's industrialization.

The Communists did not confine themselves to pointing out the tasks confronting the government and other progressive forces, they also charted tasks they themselves would have to tackle in this new situation. The Party leadership called on all members and sympathizers to exert every effort in order to uphold the nationalization and to contribute to its success. It called on all who want an end to exploitation to develop and improve production, to



combat sabotage and to rectify errors committed either because of inexperience or because of lack of conviction of the need for these measures. The Party is striving to make every worker aware of the importance of consolidating this victory over the reactionaries.

Supported by the workers the Communists took part in resisting the attempts by the reactionaries to wipe out nationalization by force of arms. True, the reactionaries managed to get the majority of the urban petty bourgeoisie to go on strike and to offer armed resistance; to this the working class responded with powerful demonstrations originating in the factories, which helped the supporters of nationalization in the government to control the situation. With a view to promoting the country's successful development, the Party published in its paper *Nidal al-Shaab* detailed articles on pressing political, economic and financial problems, and on the state of affairs in particular enterprises.

The Central Committee noted in a resolution that all the attempts made by the Right, with imperialist support, to abolish nationalization and other progressive measures had ended in failure.

These attempts, however, are likely to be repeated. The resolution also characterized the general line of recent developments as being progressive and the socio-economic changes as having created many of the preconditions needed for the advance along the path of social progress, towards socialism. Politically, too, there have been positive, even if partial, changes, such as, for example, the discontinuation of the persecution of progressives, the lifting of the house arrest imposed on the leaders of the Arab Socialist Party, the holding of trade union elections despite some violations.

In the sphere of foreign policy the government has adopted a firmer attitude vis-a-vis imperialism: denunciation of American aggression in Vietnam, and the further improvement in relations with the socialist countries as testified by the new cultural and economic agreements.

In their assessment of every new measure the Syrian Communists, like all Marxists, are guided by the following criteria: does it or does it not bring us nearer to socialism? What steps should be taken to accelerate the advance to socialism? What danger threatens or is likely to threaten this advance and how to avert it?

Proceeding from this, the Central Committee stressed what it considered to be shortcomings, formulated proposals, submitted them for discussion by the people and government and urged the Party to fight for their implementation.

In the economic sphere and on the administrative plane the CC pointed to the steps that should be taken to safeguard the economy and to overcome possible upheavals. It pointed out that nationalization, even when extended to a large part of industry and foreign trade, cannot by itself lead to socialism.

What is needed is a policy of economic development and planned industrialization, which would ensure comprehensive development of the public sector and growth of the national income with due account of the real possibilities and resources of the country. An end should be put to the squandering of government money and of the budget, reactionaries should be removed from the state economic bodies and their functioning should be improved and made more effective. It is necessary to go ahead with new undertakings and, primarily, with independent exploitation of all the oil deposits discovered in Syria and oil refining in our own interests without granting concessions to foreigners; work should begin on the dam on the Euphrates, on the nitrates fertilizer plant and on the other projects decided upon a long time ago.

The resolution contains a demand to put an end once and for all to any possibility of exploitation by foreign capital and to take advantage of the aid of the socialist countries, without of course, rejecting any serious aid from other sources offered without strings. It stressed the danger of bureaucracy and parasitic elements in the state apparatus.

Discussing the matter of running the state sector and the nationalized enterprises, the Communists insist that management should be placed on a democratic footing, with the participation of the workers, that income from this sector should be used to expand production, build new enterprises and raise the standard of living. The gains which the working class has won in the course of its struggle should be preserved and extended, and workers should be guaranteed against redundancy and unwarranted dismissals.

The Communists point out that lack of understanding of the just demands of the middle classes could not but play into the hands of the reactionaries.

Discussing the situation in the countryside, the Communists note that the agrarian reform has not been completed, although the first agrarian laws were adopted seven years ago. Land distribution is proceeding at a snail's pace. A basic agrarian reform can be carried out only with the participation of elected representatives of the small peasants. "Land to the tiller" is the need of the day, and the agrarian reform should be expedited with the help of the peasants themselves. Land-hungry peasants and also those who have gained from the agrarian reform should be given effective aid. They should be freed from exploitation by usurers and middlemen.

The number of agricultural cooperatives is small and they are confined mostly to joint marketing of produce and paying off state credits. Hence the Central Committee calls for more cooperatives and extending their functions through encouragement and example. Measures of this kind, coupled with an extended network of public services in the countryside (medical services, roads, water supply, power generation,



etc.) would help improve the lot of the peasants and win their support for the economic changes.

The Communists maintain that popular education and the spread of socialist ideas are essential for the success of these socio-economic changes.

With regard to the necessary political changes the Central Committee points to the need to recognize the role of the working class as the most progressive and revolutionary class in society, a class which can bring the social changes to their culmination and develop them into socialist revolution.

Political and trade union rights for the workers and their participation in running the publicly-owned enterprises would be the first steps in this direction.

The conditions in Syria call for serious and thorough cooperation of all progressives both in the government and outside it. This would make it possible to pursue a progressive policy, rally the masses around it, carry out the urgent tasks facing the country, and preclude any possibility of a coup by the reactionaries supported by the imperialists.

Securing democratic rights for the people and for all the progressives favoring socialism, enabling them to control organs of power and the administration, and discontinuing anti-democratic acts committed from time to time by some agencies against democrats—all these are necessary conditions for regaining the confidence of the public, awakening the people from the state of apathy and defeating reaction.

The reactionaries, hit by nationalization and the land reform and deprived of their means of exploitation, are working hard to deflect the country onto reactionary lines.

These sections capitalize on the difficulties to further their own ends. They play on the differences and vacillations among the ruling groups, using their agents in the administration to sabotage implementation of progressive decrees in the interests of the working class, the peasantry and the middle classes. They seize on the mistakes caused by non-recognition of scientific socialism. On the pretext of searching for "Arab socialism" or an "emerging socialism" they resist every step designed to further the success of the socialist forces. They resort to all means in their efforts to prevent cooperation of the progressives.

The reactionaries have the support of the imperialists who always have the means at their disposal to retard the country's advance.

The semi-official newspaper *Al-Baath* recently reported that the imperialists had cancelled agreements already signed for the construction of a number of enterprises.

The Rights utilize Israel's armed attacks on the Syrian border, speeches made by reactionary leaders in the Arab countries and any activity which is likely to facilitate their designs for a coup.

The only way to bar all this lies through the

cooperation of all progressives, through their joint struggle for a program aimed at paving the way to socialism. The Communist newspaper *Nidal al-Shaab* commented recently that the imperialists are conducting an attack all along the line in the Arab world—from Iraq to Algeria—that the reactionaries are again mustering their forces, determined to impose their conditions and regain their lost positions. The reactionaries and imperialists capitalize in the first place on the lack of cooperation between the progressives in some Arab countries and on the scale of the entire Arab world.

Progress has been made in the way of building cooperation among the progressives in Syria, but this is far from being enough. The Communists will do everything possible to achieve this aim.

About a month after the publication of the Central Committee decisions, the ruling Baath Party issued a new program, stating that it wished to continue to advance along the path of socialist development, to develop agriculture and industry, to engage in planning with a view to developing the state sector, leaving also opportunities for the private sector. The program stressed the need to remove reactionaries from the machinery of state and to improve relations with the socialist countries.

But the program also pledges to establish clear-cut boundaries between the state and private sectors and opens the gates wide to foreign capital, thereby enabling it to carry on exploitation in the country.

It does not envisage changing the capitalist relations in the countryside, regarding the lands distributed among peasants under the agrarian reform as a socialist sector. Nor does it contain even a hint about democratic rights for the people and progressive forces.

A partial step forward with regard to the structure of state power was made at the end of August. A legislative National Council was formed which, among other things, is charged with drafting a Constitution to be submitted to the public in July 1967. This 95-member body, although overwhelmingly Baathist, also includes representatives of the trade unions, peasants' organizations and professionals.

Successful implementation by the masses and progressives both in the government and outside it of the tasks to which the Communists have invariably pointed could bring clarity in assessing the character of the changes in Syria.

Repudiation of these measures would but lead to suspending any development and to loss of the gains already won. Recent history affords a striking example of this.

The time that has passed since the changes is too brief, but we are confident that the fidelity of our working class and working people generally to socialism, and the efforts of the progressives will consolidate and further expand the gains.

Maurice SALIBI



# **French Communist Party: work among engineers and technicians**

THE CENTRAL COMMITTEE of the French Communist Party, meeting on June 29 last, stressed that "building a united front of all democrats remains the condition for further success in the fight against one-man rule"; the two basic factors in cementing unity, it went on, are the "propaganda work of the Party organizations" and "greater unity of action by all social strata whose interests are injured by monopoly policy."

The Central Committee endorsed the proposal contained in a report by Gaston Plissonier to strengthen Party work among engineering and technical personnel.

Certified engineers and technicians are a vitally important section of the population not only because of their numbers—there are more than 100,000 certified engineers alone—but also because of their role in modern life. For one thing they have a most direct relation to the expansion of the productive forces and the progress of science and technology which are forging ahead despite the retarding effect of the policies of the monopolies and the de Gaulle government.

For some years now the attitude of the engineering and technical personnel to socialist ideas has been undergoing a change. This is due to the worsening of their conditions and also to the moral reappraisal which has led them, despite the ideological pressure exerted by the bourgeoisie, to see the gulf separating them from the employers:

—awareness, through personal experience, of the fact that the big companies are impeding full utilization of the national resources, and

—the impact on their thinking of the economic, technological, and scientific achievements of the socialist countries and the rising standard of living accompanying these achievements.

The evolution in the thinking of engineers and technicians is, then, by no means a matter of chance; it can be traced chiefly to the expansion of the productive forces and to the intensified capitalist exploitation of all sections of the working people. On the one hand, they are aware of the growth of their importance and numbers, and, on the other, they are hard hit, in one way or another, by the policies of

the monopolies. Although they have been described as a "new managerial class" and flattered in order to drive a wedge between them and the workers, they are coming to see that in reality they are equally exploited and that their interests coincide with those of other sections of the working people.

For this reason they are taking a more active part in the struggles waged by the workers in both the private and state sectors and are reposing greater confidence in trade unions.

Mention should be made of the growing influence of the General Confederation of Labor among these sections. The recent congress of the engineers' and technicians' union, affiliated to the Confederation, should serve to deepen this influence.

Many engineers and technicians are members of the Communist Party, and some hold leading positions in it.

Although the situation is favorable for drawing this section into an alliance with the working class, such an alliance will not come about by itself, for the vast majority of engineers and technicians are strongly influenced by bourgeois or reformist views.

Consequently, the Communist Party, and primarily those of its members who are engineers, technicians or managers in the enterprises, should persevere in their efforts to win over this group, adducing the following arguments:

1. The Communist Party supports the economic and professional demands of these categories of workers, namely: wage increases; lower taxes; stable employment, especially in the case of engineers, technicians and members of managerial staffs over 45; the right to refresher training in working hours, and freedom of opinion in the enterprises and effective guarantees of trade union rights.

2. The Party's general line provides the answers to their problems, as it does to the problems of all other sections of the population; in a word, our program for the achievement of genuine democracy meets their interests, in particular such proposals advanced in the program as the following: nationalization of the iron and steel industry and the iron-ore mines, the oil and gas, chemical, electronics



and aircraft industries, air lines, big banks and insurance companies; democratic management of the nationalized enterprises, trade union participation in management and control by the working people at all levels; rational use of the country's resources and development for peaceful purposes of the newest industries, including the nuclear industry; educational reform; training of more researchers, engineers, technicians and other specialists, and implementation of a plan, drawn up with the participation of the workers' organizations, for strengthening the nationalized sector and those branches of the economy which should be given priority.

The Party seeks to

1) acquaint these categories of working people with its policy on issues of interest to them, and

2) to promote unity among them and rally them for action.

That we have the forces needed to carry out this work is evident from the large number of engineers, technicians and administrative workers who have joined the Party and are members of Section Committees, and who stood for election in the municipal elections last March. It is now a matter of setting these forces in motion and giving them guidance.

The experience of a number of Party Federa-

tions suggests the following lines of actions:

—a study of the main centers where engineers and technicians are concentrated in each Department and of the Party's forces in these centers;

—assigning one or more members to each of these centers; this would be their basic Party work, to be carried out under the supervision of the Federation leadership, and

—establishing working committees which would suggest to the Federations forms and methods of work.

This would make it possible to adapt the work of the Party to the interests of these groups (economic and professional demands, broader issues relating to the future of France's economy, and general political problems);

—render assistance to Communist engineers and technicians active in mass movements, primarily in the trade unions, and especially in the engineers' and technicians' union;

—help Party members attending engineering schools, and

—enlist Party engineers and technicians in the drafting of programs of action in areas relating to their professions.

These are the tasks the Party has set itself in this sphere with a view to extending the range of its activities.

*Roget LOUBET*

## ***First workers' paper in Nigeria***

A NEW PROGRESSIVE newspaper, *Advance*, has been launched in Nigeria. The first workers' newspaper in that country, *Advance*, as the editorial in its first issue (August 16, 1965) states, should be "a lively vehicle for the thoughts, the aspirations and the hopes and righteous desires of our people."

*Advance* proclaims its principal aim to be service to the workers, peasants, youth and intellectuals of Nigeria. "Since labor is our central theme," it declares editorially "... we shall endeavor to give eloquent expression to the struggles of labor, which mean the struggle of our workers by hand and brain, farmers and peasants for better living conditions. . . . The paper must identify itself with those policies and programs that are in the best interests of our people. It will support all those who fight for more democracy and seek to bring about a higher order of social organization. . . ."

*Advance* also aims to give full coverage to the activities of all progressive organizations working for the consolidation of African unity, for democratic reforms and for the complete liber-

ation of the African continent from the yoke of imperialism and neo-colonialism.

In a message to readers, the newspaper stresses its resolve to carry to the masses, and especially to the youth, the torch of truth and the banner of hope for a better future for Nigeria, a future "that can be assured by real hard work for true, scientific socialism."

The first two issues of the newspaper (the second issue came out on September 15, 1965) contained articles and reportage covering a wide range of subjects: the economic and political situation in Nigeria, the strike movement, the role of the working class in the fight for complete liberation, the advance of the liberation movement in the countries of southern Africa, to mention but a few.

The role of the Nigerian working class in the national-liberation movement is examined in an article by Tunji Otegbeye, General Secretary of the Socialist Workers' and Farmers' Party. The recent strike wave in the country is the subject of an editorial in the second issue of the paper and a front page feature



article in the first issue. The paper notes that although Nigeria was proclaimed an independent state in 1960 she is for all practical purposes ruled by the Western imperialist powers which cling to their positions in the country and which have placed feudal and comprador elements in power. The latter act as agents of imperialism. The workers and small farmers, the paper charges, have been cheated of the fruits of independence, their struggle betrayed.

A feature of the present situation in Nigeria is the domination of the foreign imperialist monopolies and companies in the economy. "Our imports and exports," we read in an item headed "Foreign Firms Run Our Economy," published in issue No. 1, "mining, banking and finance, manufacturing and extensive plantations are run by foreigners. Our shipping, air transport and road haulage are monopolized by foreigners. The United African Company, the John Holt and other foreign firms dominate retail distribution. . . . Whereas investment by the monopolies rose 300 per cent between 1951 and 1955, the real national income of Nigeria rose only 25 per cent between these two dates, from about £590 million to £740 million."

The intensive exploitation of Nigeria by the big foreign monopolies, and the reluctance of the ruling circles to improve the lot of the masses continues to evoke widespread dissatisfaction and to aggravate the internal social contradictions. The strike movement is spreading. The immediate cause is low wages, the rising cost of living, and rumors of the government's intention to adopt an anti-labor law which would deprive the workers of the right to strike and empower the employers to dismiss strikers. A feature of the strike movement in recent months is the participation of workers belonging to different trade union organizations and centers, their joint struggle. The newspaper vigorously condemns attempts to introduce anti-labor legislation and points to the responsibility of the ruling circles for the deterioration of the economy and their unwillingness to satisfy the workers' demands.

Pointing to the real causes of the plight of the workers and championing their cause, *Advance* devotes much space to the role of the working class and its vanguard—the Socialist Workers' and Farmers' Party—in the labor and national-liberation movement. Several articles—"The SWAFP is Born," (No. 1), "What Is a Political Party" and "How a Political Party Operates" (Nos. 1 and 2), and "People's Needs"—deal with the conditions which led to the formation of the Socialist Workers' and Farmers' Party, its program and objectives, and the

urgent problems confronting the Nigerian labor movement at the present time.

Founded in August 1963 in Lagos, the SWAFP is guided in its activity by the principles of Marxism-Leninism. As distinct from the bourgeois-feudal parties in Nigeria, it reflects the interests of the working people and is built not on tribal or ethnic principles, but on class foundations. It unites in its ranks factory workers, peasants and revolutionary intellectuals who favor the non-capitalist road of development for Nigeria, and socialist changes. It sees as one of its immediate tasks the mobilization of the efforts of the Nigerian working people to fight for full independence, economic liberation from colonialism and neo-colonialism, for democratic rights and freedoms. The Party popularizes Marxist-Leninist ideas among the Nigerian workers. It has 70 branches at the present time.

*Advance* printed the Party's appeal to all Left forces to form a united national democratic front. The idea of a united front of progressive forces is examined at length in Tunji Otegbeye's article "What Freedom has Nigeria?" (No. 2).

On behalf of the working people *Advance* expresses solidarity with the embattled people of Vietnam and demands the withdrawal of the U.S. armed forces from South Vietnam. It calls on the Nigerian working class, all freedom-loving men and women in Africa, Asia and Latin America who stand for peace, to bring pressure to bear on the U.S. imperialists to abandon their military plans in Southeast Asia. Solidarity is the leitmotif also of articles dealing with the national-liberation movement in Rhodesia and other African countries.

The appearance of the first workers' newspaper in Nigeria is a big event in the political life of this large African country. It is a signal event too in the life of the Nigerian working class movement testifying to the important changes taking place in that movement, to the growing class consciousness and the influence of the forces standing for socialism. The launching of *Advance*, which was planned as a daily but which for the time being appears twice monthly with the prospect of becoming a weekly before long, was hailed with satisfaction by Nigerian workers and their friends in other countries. The first two issues carry reports of the initial reaction to the launching of the paper and telegrams of greeting wishing it success in its difficult struggle for the consolidation of Nigerian independence, complete liberation, for peace, democracy and social progress.

V. K.



# ***Solidarity with the people of Vietnam***

WORKING PEOPLE throughout the world, progressives in all countries, are voicing their sympathy with the people of Vietnam, voicing indignation at the action of the U.S. whose armed forces in Vietnam now exceed 125,000 men.

True to their policy of supporting national liberation struggles, the socialist countries are rendering growing aid to the Vietnamese people.

"In fulfilment of its internationalist duty the Soviet Union is rendering extensive aid to our Vietnamese comrades," said Comrade Brezhnev, First Secretary of the Central Committee of the CPSU, at the recent meeting of the Central Committee. "We have already delivered a considerable amount of arms and military equipment to the Democratic Republic of Vietnam and will continue our policy of giving the DRV the material and political aid necessary to repel American aggression. We welcome joint efforts by all the fraternal socialist countries in support of the Vietnamese people fighting imperialist aggression."

In a statement published in the Budapest newspaper *Nepszabadsag* the Hungarian Government notes: "the escalation of U.S. aggression makes it incumbent on us to support still more firmly and actively the just struggle of Vietnam against U.S. imperialism." In July, the newspaper tells us, Hungary sent a large consignment of goods and material to the DRV.

A resolution of the recent Congress of the Rumanian Communist Party published in the newspaper *Scinteia*, said: "We hereby declare that the Rumanian people will extend every help to the people of Vietnam."

The Government and the National Front in Czechoslovakia and the governments of the Mongolian People's Republic and of Bulgaria have likewise resolved to render help. The GDR press, quoting a Foreign Ministry spokesman, said Vietnam can continue to "rely on the GDR for any aid it may need." The Polish *Trybune Ludu* reports that in Warsaw an agreement has been signed between Poland and the Democratic Republic of Vietnam to the same effect.

"The government of the Korean People's Democratic Republic," writes the *Nodon Sinmun*, "solemnly declares that if the American imperialists and the Pak Chon Hi clique con-

tinue, despite the protest and condemnation voiced by the Korean people and progressives throughout the world, to dispatch South Korean mercenaries to South Vietnam, it will supply the National Liberation Front of South Vietnam with arms and equipment equivalent to the number of South Korean troops sent to Vietnam."

"The Chinese people," said a statement of the Government of the Chinese People's Republic, "will do all in its power to render the people of Vietnam the necessary material aid, including arms and military equipment."

According to the Burmese newspaper *Bota-taung*, three countries are doing everything to give effect to the principles for which the people of Vietnam are fighting: the Soviet Union by sending modern weapons to the DRV, China by holding mass demonstrations, and the people of the DRV by heroically repulsing enemy air attacks.

The trade unions, youth organizations and other bodies in the socialist countries are also giving increasing support to Vietnam. "The Soviet trade unions," reports *Trud*, "are sending Vietnam food, medical supplies, trucks and other items to the sum of 800,000 rubles."

"Thousands of young men and women of our country," writes *Komsomolskaya Pravda*, the Soviet youth paper, "are contributing to the fund in aid of Vietnam... Soviet youth organizations have extended considerable material aid to the youth of Vietnam. In the near future the Soviet youth will send a new consignment of medical supplies, hospital equipment, tents, and school books for the liberated areas of South Vietnam."

Kim Val Ren, Chairman of the Central Council of Trade Unions of the Korean People's Democratic Republic, speaking at a conference of solidarity with the Vietnamese people said: "Moved by the feeling of proletarian internationalism the trade unions of the Korean People's Democratic Republic are rendering buting to the Vietnam fund, which now totals cines, surgical instruments and textiles."

The Czechoslovak press reports that public organizations in the country have sent the DRV medical supplies, surgical instruments, field hospital equipment and other items to the sum of one million crowns.

The Federation of German Free Trade Unions



has called on the working people of the German Democratic Republic to continue contributing to the Vietnam fund, which now totals nearly one million marks. Working people in the city of Halle have sent items to the value of more than 300,000 marks. A large consignment of medical instruments has been the contribution of the youth of the Rostock area.

The Polish weekly *Polityka* writes that Poland has sent a consignment of medical supplies to Vietnam, including conserved blood for which representatives of the DRV Ministry of Public Health particularly thanked the working people of Poland.

The Hungarian Committee of Solidarity with the Vietnamese people gave a delegation of the National Liberation Front of South Vietnam surgical instruments to the value of 500,000 forints. On the initiative of the Cuban Solidarity Committee the working people of Cuba have collected more than two million items of clothing and food parcels.

The Government and people of Vietnam greatly appreciate the aid of the socialist countries. Thus the newspaper *Nhan Dan* writes that at a reception in honor of specialists from the socialist countries, Pham Van Dong, Prime Minister of the DRV, stated: "The fraternal socialist countries and the specialists from these countries are helping us to increase both the economic and defense potential of North Vietnam and to build up our armed forces. This is evidence of the solidarity and friendly relations that exist between our Republic and the socialist countries."

Commenting on the aid rendered by the socialist countries, U.S. newspapers note that the aggressors did not reckon that this aid would steadily mount. Thus, Margaret Higgins writing in the *Washington Evening Star* about

the IL-28 jets dispatched to North Vietnam, notes that this build up of strength by Moscow was something the Johnson Administration had not anticipated and caused a political crisis in top government circles. She goes on to say that although the U.S. Government expected that the Soviet Union would install rockets around Hanoi and Haiphong and four launching sites for "surface-to-air missiles were photographed by reconnaissance planes, still there was no indication that the Russians were also prepared to supply aircraft.

According to the *Washington Post* the U.S. air force and navy are seriously worried about the "air-to-air" missiles now being installed in Soviet planes in North Vietnam.

And James Reston, commenting in the *New York Times* (September 5th) expressed the view that "The Soviet material in North Vietnam is building up" and that the Russians "are adding more SA-2's — surface-to-air missiles — MIG-17's and 19's, and IL-28 light bombers . . . The chances are that we are going to take more losses from radar-controlled missiles and anti-aircraft fire in the coming months."

The press of the socialist countries expresses the conviction that the people of Vietnam will be victorious in their war of resistance against American aggression. This conviction was also voiced by Vaclav Skoda, Deputy Chairman of the Czechoslovak National Assembly, when he said that "the valiant struggle of the Vietnamese people, supported by the forces of peace and progress will end in victory. This is as clear as day; it is inevitable. Truth will triumph!"

*Working people and progressives in the capitalist countries are likewise active in the movement for aid to the embattled people of Vietnam. Below we print a dispatch from London.*

## **British people oppose U.S. aggression in Vietnam**

The present campaign in Britain in opposition to the Labor Government's policy of supporting the United States' aggression in Vietnam is one of the widest and most significant movements seen in Britain during the past decade. Already comparisons have been made with the huge wave of protest in 1956 against the British Government's aggression at Suez. But there is one major difference between the two movements which helps to explain the significance of the current campaign. At the time of Suez it was a Tory Government which was the target of attack by the labor and progressive movement, an attack which eventually

compelled the right-wing Labor leaders to speak out against the Government. *Today it is a Labor Government which is under fire, largely from its own supporters.*

Unlike some campaigns in the past, this campaign quickly drew in a large body of Labor MPs who openly came out in opposition to the Government's policy on Vietnam. A number of activities were taken earlier this year — meetings, demonstrations, marches, and conferences organized by such bodies as the British-Vietnam Committee, the Movement for Colonial Freedom, the Campaign for Nuclear Disarmament and others. The Communist



Party, while giving full support to all these efforts, carried on its own independent activity including the distribution in February of 250,000 leaflets and a call at the end of March for a weekend of public meetings and demonstrations throughout the country.

A significant action was this year's traditional Easter Peace March in April, organized by the Campaign for Nuclear Disarmament. Vietnam quickly became the dominant theme, both on the march and at the culminating rally at Trafalgar Square. Some 37 MPs sponsored the march (the highest number ever), and many took part in the march and demonstration.

At the Communist Party's May Day demonstration in Hyde Park, two weeks later, the General Secretary, John Gollan, made a special appeal for solidarity with the people of Vietnam, for the building in Britain of the widest movement of protest against the Government's backing of the U.S. aggression, and for medical aid for Vietnam.

The whole campaign reached a new stage and dimension with the formation of the British Council for Peace in Vietnam, organized under the chairmanship of Lord Brockway. The aim of this body is to coordinate the various activities on Vietnam, to find common ground on which all can act together, while still leaving the individual sponsoring organizations to make their own individual demands in the campaign, and to find the most suitable forms for their own participation. This new Council has the support of numerous organizations and over 100 MPs organized in the MPs Ad Hoc Committee for Peace in Vietnam.

In the wake of this activity, there have sprung up local 'Peace in Vietnam' committees, in which local peace organizations, anti-colonial bodies, trade unions, cooperatives, church representatives, shop stewards, and representatives of local Labor and Communist party organizations work side by side. There are already over 100 of these local committees in existence, and more are being formed every week.

The first major effort of the British Council for Peace in Vietnam on a national scale was the launching of a nationwide petition and the call for a mass lobby of Parliament, which took place on June 30th. In four weeks no less than 100,000 signatures were collected to a petition. People signed in the street, at factories, in department stores, in union branches, in public houses, wherever they were approached.

On June 30 some 10,000 lobbyists descended on the House of Commons. They came by special trains and coaches from Scotland and

Wales, from Yorkshire and Lancashire, from the Midlands and the southern counties. Over 70 big factories were associated with this effort. In addition, more than 50 trades councils, 30 Labor Party organizations, 20 cooperative bodies, 10 local authorities and 11 national trade union committees participated in the lobby. While all this was going on in the House, a teach-in was in process in the Central Hall, Westminster, not far from Parliament.

A significant feature of this solidarity campaign compared with some peace activities in the past is the participation of industrial workers and of union bodies. In addition, quite independently of the British Council for Peace in Vietnam, a number of unions have gone on record by conference resolution or national committee decision against the British Government's support for U.S. policy in Vietnam.

Another side of the campaign has been the collecting of funds for medical aid for Vietnam. A broad Medical Aid for Vietnam Committee, sponsored by leading medical personalities, intellectuals, Members of the House of Commons and of the House of Lords, trade union leaders, and other public figures, has been set up to launch an appeal for funds on a large scale.

The Communist Party and the Young Communist League are supporting the activities of the broad movement of protest against the British Government's support for the U.S. aggression in Vietnam. The Young Communist League has a special van, decorated with photos from Vietnam, touring key areas of Britain, making speeches, calling on people door-to-door, distributing leaflets, and collecting money for medical aid. The Communist Party distributed half a million leaflets in support of the June 30 lobby, has sold thousands of copies of a special pamphlet published by the *Daily Worker* and written by Wilfred Burchett, and is holding hundreds of meetings up and down the country. The Communist Party delegation led by its General Secretary, John Gollan, which visited the Democratic Republic of Vietnam in June, where it had discussions with President Ho Chi Minh, and with Le Duan, the First Secretary of the Party of Working People of Vietnam, has aroused wide interest in Britain.

The sales of the pamphlet by John Mahon, a member of the delegation, and the report-back meetings addressed by members of the delegation have been enthusiastically supported and have helped to deepen the understanding of the British people as to what is involved in Vietnam and what must be done to end American intervention.

Jack WODDIS



## ***Epicenter of international tension***

CONFLICTS PROVOKED by the imperialists and endangering world peace have been typical of the recent period. Currently the international tension can be said to be centered in South and Southeast Asia where, in addition to the war waged by the United States in Vietnam, the Indo-Pakistani conflict is a source of concern. Progressives everywhere are disturbed, and understandably so, by the growing counter-revolutionary activity of the imperialists; the latter, they infer, are becoming more and more reckless, and they feel that concerted action is needed to counter the aggression.

### **THE INDO-PAKISTANI CONFLICT**

The policy of the imperialist powers, it would seem, is to set the newly-free nations against one another, to foment national strife and heighten the tensions.

The Indo-Pakistani conflict shows the danger of this. The Kashmir problem, the immediate source of the conflict, is, in effect, a legacy from British colonial rule.

In 1947 when the British withdrew from the sub-continent they left it divided into India and Pakistan, leaving Kashmir as a bone of contention between the two.

For eighteen years the imperialists repeatedly tried to force a showdown over Kashmir, with a view to diverting the two countries from the anti-imperialist struggle and problems of their independent development. Ultimately the smouldering conflict flared up into hostilities in which both sides suffered heavy losses.

Neither country has benefited from the fighting. And now, judging by press reports, the two governments plan to readjust their economic policies—to increase military spending at the expense of economic development.

"We must do our utmost to strengthen our defense potential." This is the motto of the Shastri government, which is already taking steps to slow down economic growth and impose heavier taxes on the people. The Indian monopolies, anticipating enrichment from war contracts, have become more active.

Reaction is rearing its head in both India and Pakistan. Jingo sentiment threatens to sweep the two countries and give rise to strife between Hindus and Moslems. War hysteria

is being used to distract the people from the fight for their pressing needs. The situation makes it much easier for the reactionaries to turn against the democratic movement. In view of the state of emergency, every action by the working people is denounced as "sabotage." In the Indian state of Bihar, 4,000 people were arrested for joining a movement demanding an improvement in the food situation. The cease-fire has been followed by more arrests among those involved in the movement.

The conflict is grist to the mills of the imperialist wing which has long been against India's policy of non-alignment and for bringing the country into the Western system of military alliances in one form or another. The London *Daily Express* reported some time ago that Britain and the United States were trying to revive their plan of a nuclear umbrella for India, rejected in the past by the Indian government under democratic pressure.

An Associated Press comment expressed the view that the Kashmir conflict might bring the non-aligned countries into disarray and, indeed, split the third world.

In recent times there has been a movement in Pakistan for withdrawal from military blocs, an independent foreign policy, and friendship and business relations with all countries. This movement, no doubt, has had an impact on the government, for the latter has taken a number of steps which have been welcomed by world opinion. The atmosphere of war hysteria makes it difficult for the democratic forces to bring about progressive changes in home and foreign policy. The trend toward neutrality, which recently gained ground in Pakistan, is again giving way to a pro-SEATO orientation.

The tendency to continue the conflict is adding to tensions in South and Southeast Asia, already grave enough as a result of the American war against Vietnam.

The peace-loving nations and world opinion have done much to check the dangerous drift. Many Afro-Asian countries are anxious to see peace restored on the Indo-Pakistani border. The U.N. Security Council, in unaimously adopted resolutions, urged India and Pakistan to do everything to maintain the cease-fire and to withdraw their armed forces to their respective territories. Comments in the world



press noted that the Soviet action for peace had thwarted those who would have liked to aggravate the Kashmir conflict. The London *Daily Mirror* pointed out that the Russians had thrown their weight behind the world-wide peace-making efforts to achieve a cease-fire between India and Pakistan.

The might and influence of the peace forces have grown immensely. The first important step has been taken. World opinion welcomed the Indian and Pakistani leaders' decision to respond to the Security Council appeal for a cease-fire. The war has been checked. But both sides have so far refused to withdraw their troops. Armed clashes keep recurring. The relations between the two countries are still strained. The occasional sparks could at any moment set off a big war that would benefit only the imperialists and the reactionaries in the two countries. Unrelenting vigilance is needed on the part of the peace forces.

### THE EVENTS IN INDONESIA

The news of the events in Indonesia came as this issue of the journal was going to press. And while much in these events is still unclear, it is possible to draw some conclusions.

The events seem to have taken the following course:

Units of the Indonesian Army led by Lt. Col. Untung, one of the officers of President Sukarno's bodyguard, launched "Operation September 30" and announced the formation of a "Revolutionary Council," a ruling body of 45. However, troops under General Nasution, Defense Minister, and Major-Gen. Suharto, commanding the strategic forces, foiled the coup. The plotters retreated from Jakarta to Central Java. President Sukarno in a radio address called on the people to "maintain the spirit of unity and solidarity" and to fight imperialism. In a statement issued on October 6 the leadership of the Communist Party of Indonesia supported the President. The people generally had no part in the coup. The latter, in brief, was a military coup aimed at changing the alignment of the political forces in the country. Clashes took place between rival groups in the armed forces, which rarely reflect in any adequate

way the actual course of socio-economic developments in any country, even though, needless to say, they are influenced by the political and class struggles in progress.

Indonesia is experiencing a difficult phase in the development of the national democratic revolution. Class struggle is spreading and becoming sharper. The millions who have risen to fight cannot play the role of mere spectators. But in political outlook and socio-political essence the dominating element is that of the petty bourgeoisie. The men behind the coup wanted to cash in on the voluntarism and political zigzagging typical of petty-bourgeois ideology. But they miscalculated.

The events in Indonesia show that no radical changes are possible in that country without the active and conscious participation of the masses. It is becoming extremely difficult to replace this process by a forced reshuffle of the ruling groups. This is the main preliminary conclusion to be drawn.

Furthermore, the coup has complicated the situation in the country, which is in the front line of the anti-imperialist struggle. Reactionary elements are clamoring for anti-Communist measures. And these measures are being carried out, mainly by the army. And while lip service is paid to continuing the fight against imperialism, it is hard to see how this squares up with the artificially fomented anti-communism. To attack the Communists and reject the support of the people and their aspirations is tantamount to abetting the imperialists.

It would be naive to think that the revolutionary path in the developing countries could be a smooth one. Experience has demonstrated that genuine social and economic progress in our days is unthinkable without the active and intelligent cooperation of the people. To bring the people increasingly into the revolutionary process is an earnest of the success of the anti-imperialist struggle. Hence developments in Indonesia will depend on the consolidation of the democratic forces, on the struggle of the working class and other working people, and on the Communists playing their vanguard role in the liberation movement of the people and uniting them for the struggle.

Jan PRAZSKY



## ***The lives of patriots are in danger***

THE TRIAL OF 14 patriots arrested following the attempt on the life of the Shah of Iran last April is now being held in Teheran. The soldier who did the shooting, one of the palace guards, was killed on the spot. The authorities have seized on the incident to fabricate a "case" against a group of democratic Iranians on the charge of being in league with the terrorist.

The accused men, among them a professor, some school-teachers, students and workers, are charged with organizing illegal Communist groups and spreading Communist ideas. The military prosecutor alleges that some of them were being trained in guerrilla warfare. The indictment claims that some of the accused, while studying in Britain, had been associated with British socialists. A photograph showing one of the defendants addressing a meeting in London's Hyde Park is adduced as evidence. The authorities, it would appear, knew of the political views of the prisoners but were biding their time in order to arrest them on a more serious charge.

Judging by the evidence, only one of the prisoners was acquainted with the terrorist. The prisoner in question is reported to have stated during the investigation that he and the members of his organization were resolutely opposed to individual acts of terror, holding that such acts could but harm their movement. On these grounds four of the accused are charged with having had fore-knowledge of the terrorist's design to assassinate the Shah.

The trial is held in camera. The accused men, who are denied lawyers of their choice, were interrogated in torture chambers specially outfitted by CIA advisers.

For the past 12 years Iran has been saddled with a dictatorial regime. Progressive newspapers and magazines, and all democratic par-

ties and organizations have been banned; genuine trade unions and other mass organizations have been driven underground. The country is run by the U.S. imperialists who control all state institutions and who take part in suppressing any opposition. Executions are regular occurrences, especially since the oil monopolies reduced the oil nationalization law to a scrap of paper and took possession of the country's oil. Shortly before the conclusion of the treaty with the oil monopolies, a large group of patriots, members of the People's (Tudeh) Party, were shot. Since then, not a year has passed without patriots being shot.

This year's victims were a group of nationalists, members of a religious organization. Earlier several members of the Mamasani and Boerahmadi tribes were rounded up and shot.

Now a similar fate is being prepared for a group of young intellectuals. Four of them face a trumped-up charge of complicity in the attempt on the Shah. The idea is to intimidate the patriotic youth organizations.

When the accused in the present trial were arrested, students in many Western European countries held protest demonstrations. People in Britain, France and other countries were shocked by the arrest of the Iranian patriots and lawyers volunteered to go to Iran to defend them in court.

The People's Party of Iran, despite the differences in political views, has demanded the immediate release of these young men whose sole crime is that they are true patriots wholly opposed to the despotic regime and U.S. imperialism.

Timely action by the public in all countries can stay the hand of the executioners and save the lives of these young patriots.

A.F.



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