

# INTERNATIONAL SOCIALIST REVIEW

**Two Concepts of Socialist Unity**



**Boom Without Bust?**



**The High and the Mighty**



**Stalin as a Theoretician**

by Leon Trotsky



*Early Years of American Communism*  
*A Political Novel*

by James P. Cannon  
by Shane Mage

**Winter 1957**

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# INTERNATIONAL SOCIALIST REVIEW

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## From Our Readers

We received the following interesting letter from one of our readers after he noticed the *International Socialist Review* on a newsstand for the first time.

Editor:

I recently picked up a copy of your paper, attracted by the title. I don't think I had ever read the *Fourth International*.

I found the most readable article to be the "To Our Readers" column. Actually the bulk of the magazine seems petrified in the sectarian past and, unfortunately, present of family quarrels. It seems to me that socialism must be presented from a fresh new viewpoint, divorced from the Lenin's, Trotsky's, and Stalin's. American workers are not interested in a worship of icons and relics. And with all due respect to Trotsky (whom time has proven correct in many of his judgments) there isn't much sense to this narrow sectarian approach.

I should think that both the atomic age and the recent revelations (at least recent to many) prove the inadequacy

of a materialism devoid of humanism and of rigid dogmas of "dictatorships of the proletariat," "vanguard party," etc.

In your socialism, you certainly have the support of many more Americans than read your press. However, in your sectarianism and involvement in and preoccupation with past inter-party struggles, you just leave thousands and hundreds of thousands of people behind and untouched.

Fraternally,

F. H. T.

\* \* \*

We appreciate F.H.T.'s interest in the success of socialism in America and the good will he displayed in telling us about his first reaction to the *International Socialist Review*. These provide a common ground for fruitful discussion of the problem he suggests for our consideration.

First of all, we readily admit that recognition of the desirability of socialism does not confer immunity to the enormous pressures that capitalist society is capable of exerting. Some socialists, in reaction to these pressures, tend to retreat within a sectarian shell. The opportunistic way of escaping is

to forsake principles. The socialist movement, as it has developed historically, has often enough exhibited both phenomena, which are really only two sides of a single weakness — withdrawal from active struggle for the revolutionary goal of socialism. But it does not appear to us that F.H.T. is discussing sectarianism as it is understood by the revolutionary socialist movement.

If we understand F.H.T. correctly, he places the label "sectarianism" on what we consider to be some of the basic theoretical conclusions of Marxism. For example, our correspondent considers such concepts as "dictatorship of the proletariat" and "vanguard party" to be "rigid dogmas." In our view "dictatorship of the proletariat" is an exact term for the rule of the working class as against the rule of the capitalist class. If you hold the rule of the working class to be a rigid dogma, then through whose rule do you expect to achieve socialism? Obviously through the rule of the capitalist class — by appealing to their intelligence and humanitarianism. But that concept was not born with the atomic age. It was a utopian dogma before the days of Marx and Engels.

Similarly with the concept of the "vanguard party." This is an exact term for the theory of socialists getting together in a political party capable of subordinating its internal differences through majority rule so that it can act in the class struggle as a cohesive force. The opposing theories offer a party that either stifles minority opinion or grades into anarchism where ef-

(Continued on page 35)

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# Two Concepts Of Socialist Unity

By Murry Weiss

The question of the regroupment of revolutionary socialist forces has been posed before the radical workers in the U.S. for close to one year — that is, since the Twentieth Congress of the Communist Party of the Soviet Union disclosed a severe crisis in Soviet society and precipitated crises in the Communist parties throughout the world.

The discussion on regroupment obviously signifies a profoundly altered relation of forces among the three basic tendencies in the international working class movement — Stalinism, Social Democracy and revolutionary Marxism. It is a discussion that can lead to far-reaching progressive changes in the political life of the advanced section of the working class.

It is therefore timely to consider the following questions: (1) Precisely what do the various tendencies in the working class mean by regroupment? (2) In what direction are these tendencies and their various sub-groups moving in their actual political evolution?

## Our Approach to Regroupment

A brief comment is in order on the approach of the American Trotskyists to the problem of revolutionary socialist regroupment so that the reader may bear in mind the standpoint from which we evaluate the positions of other tendencies.

We believe that the discussion on regroupment arises primarily from the mass action of the working class in the Soviet orbit. The

revolutionary motion of the Soviet and East European working class has already resulted in the toppling of the Stalin cult—the main ideological pillar in the system of bureaucratic rule in the Soviet Union. With the revelations emanating from the Twentieth Congress and the revolutionary ferment in Eastern Europe — Poznan in June 1956, the October days in Poland, the October-November insurrection in Hungary — the bureaucratic equilibrium of the Communist parties throughout the world was irreparably disrupted. A chronic crisis developed in all these parties. In turn, this altered drastically the situation in the working class movement as a whole. The crisis of Stalinism raised all basic questions of socialist program and practice for millions of Communist workers. In all radical organizations it reopened the question of the character of Stalinism, the prospects for a socialist solution to the crisis in the Soviet orbit and all the problems of building revolutionary socialist parties in capitalist countries. "Closed" programmatic questions which had become fixed into traditional positions of the various tendencies were unlocked and became subject to re-evaluation.

In our opinion the revolutionary upsurge of the Soviet orbit working class is in its first stages. The struggle is bound to spread and become more intense. The working class and youth in the Soviet Union itself are heading for open

mass struggle. The goal of this struggle is the overthrow of the Soviet bureaucracy and the restoration of workers democracy on the foundations of the socialized property forms established by the October 1917 revolution.

This means that the forces which gave rise to the crisis of Stalinism and posed the problem of regroupment can be expected to continue to operate with even greater power. At the same time world capitalism is suffering all the agonies of a dying social system. Round after round of colonial uprisings is undermining imperialism and preparing the conditions for a revolutionary upsurge in the most powerful centers of world capitalism. The crisis of capitalism, no less than the crisis of Stalinism, sharply poses the need for building revolutionary socialist parties.

## The Significance of Program

We think the circumstances call for a thorough discussion of program as the prelude to organizational steps leading towards actual regroupment. The question of program, in our opinion, is decisive. Mere unity, without a correct program, can be just as catastrophic for the fate of socialism as working class disunity. History offers many examples of powerful and unified labor organizations and political parties which, because of false programs, suffered devastating defeats.

A Marxist program is decisive because it embodies the distilled experience of the international working class in centuries of struggle against capitalism; it organizes and systematizes our understanding of the lessons of these struggles; it assimilates the lessons of the first victorious working class revolution against capitalism in Russia and the decades of struggle to defend the Soviet



Union against imperialist attack as well as struggle against Stalinist degeneration of the first workers state. The Marxist program incorporates the invaluable and bitterly learned lessons of the victory of fascism over the German, Italian and Spanish workers; it enables us to grasp the significance of the vast upheavals in the colonial world and their place in struggle against world capitalism.

For the American workers a Marxist program is decisive because the problem of problems in this country is to free the American labor movement from the blight of class collaborationism in the economic and political fields. A struggle for a Marxist program in the U.S. is not, as some depict it, the preoccupation of sectarian dogmatists and hair-splitters; it is a life and death matter for the class-conscious vanguard to wage this struggle and to pit the Marxist program of class-struggle socialism against the pro-capitalist ideology of the class-collaborationist labor bureaucracy.

Radical workers fighting for a socialist society are divided by program. The basic dividing line is class struggle versus class collaboration, i.e., revolutionary Marxism versus reformism. The two major proponents of class collaboration are Stalinism and Social Democracy. For all the difference between these two tendencies, the theory and practice of class collaboration is the one thing they have in common. In the case of the Social Democracy, class collaboration operates through a labor bureaucracy wedded in its material privileges and political ideology to the capitalist system. In the case of Stalinism, subordination to an oppressive bureaucratic caste in the Soviet Union has led the Communist parties to advocate their own brand of class collaboration — with the “progressive” and “liberal” capitalists, of course. The task of regroupment, in our view, does not consist in ignoring or watering down the programmatic dif-

ferences between revolutionary Marxism on the one hand and Stalinism and Social Democracy on the other. On the contrary, the task is to regroup the radical workers around the program of revolutionary Marxism and thereby create the class-conscious vanguard that will enter the mainstream of the working class to bring militant socialist consciousness to its struggle.

### The Next Step

How is this task to be carried out? What are the next steps that should be taken in view of the deep ferment in the radical movement? In its statement on “Regroupment of Revolutionary Socialist Forces in the United States,” published in the Militant, Jan. 11, the National Committee of the Socialist Workers Party poses the problem as follows:

“In the next stage of the discussion [on regroupment] two different ways of proceeding are counterposed: (1) Shall we first attempt a general unification, leaving the discussion and clarification of programmatic questions for a later time? Or (2) shall we first explore the different views, clarify the various positions, and try to reach agreement and unification on at least the minimum fundamentals? It seems to us that the latter procedure is preferable and that the serious elements taking part in the discussion will agree that programmatic issues have to be considered and clarified before durable organizational conclusions can be reached.”

To be sure, there undoubtedly will be situations where political organization appears to take precedence over clarification of programmatic questions. If, for example, a mass political breakaway from capitalist politics were taking place in the U.S. and the formation of a Labor Party were on the order of the day, revolutionary socialists would participate in the organization of such a party despite the inadequacy or falsity of its program. The struggle for a revolutionary socialist regroupment would then take place within the arena of such a mass political party of the American workers.

But in this case the very formation of a Labor Party would signify the enormous advance of the programmatic principle of independent working class politics.

In the present situation, however, the *immediate* prospect for such a Labor Party does not yet exist. And certainly the *necessary* conditions for such a development will not, in our opinion, be brought into existence by merely uniting the various radical formations on an undefined and confused program, or worse yet, on the program of the very tendencies — Social Democracy and Stalinism — whose bankruptcy has provoked the regroupment discussion.

Moreover, we will find that the proposals for “unity first, discussion of program later,” have a definite programmatic content. The unity-first advocates often try to make it appear that it is merely a question of putting aside the “old divisive issues.” But on closer examination it turns out that programmatic conditions, and even ultimatums, are closely tied in with their proposals for unity. We think it is wiser to discuss questions of program under conditions free of such organizational pressures and maneuvers, with all opinions openly expressed.

Now let us turn to the evolution of the different positions on regroupment and the political tendencies they express.

### The Communist Party

After the first impact of the Twentieth Congress and even before the Khrushchev revelations became public, Eugene Dennis, in his report to the April 28-May 1 meeting of the National Committee of the Communist Party of the U.S., said:

“Not the least important of the new and serious problems we should concern ourselves with as we probe and reassess the present status of our Party — is the question that keeps coming to the forefront in respect to the possibility of organizing a new and broader mass party of socialism. . . . This of course does not call for any move to form a new party of socialism prematurely. . .

Considerable headway can surely be made in this direction in the next year or two. But this will be a process. It will necessitate sharp political and ideological struggles, as well as collective participation with the bulk of the socialist-minded elements in united front activity in concert with other progressive forces."

The fact that this was no mere routine comment was established shortly by the opening of a series of symposiums and debates on socialist program in different parts of the country in which the representatives of the Communist Party appeared on the same platform with representatives of other tendencies in the radical movement. To be sure the CP leaders inclined, at first, to engage in such discussions primarily with the Social Democrats and pacifists, but it is notable that they did in time agree to include representatives of the revolutionary socialist position in these discussions.

In any case the Twentieth Congress impelled the CP not only to open an internal discussion on the question of the Stalin cult, it was also compelled to redefine its attitude and relations to the other political tendencies in the working class. This was a most welcome and heartening development.

The Khrushchev revelations prompted the Daily Worker editors to emphasize strongly the regroupment issue. In an editorial, June 6, on "The Khrushchev Speech" they said:

"The present situation in our opinion, underlines the urgency of the outlook put forward by Eugene Dennis at the National Committee meeting of the Communist Party of a new 'mass party of socialism in our country' and the need to 'create conditions for such a necessary and historic development.' We believe that the situation calls for an all-out effort and co-operation of all socialist-minded forces, in order to bring about such a new party without unnecessary delay, and as quickly as circumstances will permit."

### The Gates Group

It should be noted that this emphatic formulation of the question came from the group of *Daily Worker* editors headed by John

Gates, who, by this time, had emerged as a faction in the CP characterized by a more outspoken criticism of the Kremlin. While the Gates faction, along with the rest of the CP leadership, has failed up to now to probe the fundamental questions regarding the roots of Stalinism, it certainly has reflected the feeling of revulsion against the Kremlin oligarchy in the ranks of the party. Side by side with this tendency at least to loosen, if not break, the ties with the Kremlin, the Gates group has displayed a disposition to accentuate all the reformist and class-collaborationist dogmas implicit in Stalinism. In this respect it appears to propose that the crisis in the CP be overcome by a reconciliation with the American labor bureaucracy and Social Democracy. Nevertheless, the Gates group should be viewed as an important expression of the break-up of Stalinist monolithism in the American CP. Undoubtedly there are many in the ranks of the party who look to it for leadership in breaking with Stalinism in a revolutionary socialist direction. The most hopeful aspect of the Gates group in this respect is that it has been the most insistent on maintaining the discussion within the CP as well as participating in the interchange of views in the radical movement as a whole.

The Gates group's position on the regroupment issue found its way into the draft resolution of the Communist Party NC, not without some modification of course. The Draft Resolution, issued Sept. 13, states:

"For some months our Party has had under consideration the question presented in Eugene Dennis' report to the National Committee meeting last April, of our attitude towards the perspective of a united party of socialism in this country. The new developments point to a certain revitalization and growth of socialist-oriented and pro-Marxist currents and groupings. In the past we tended to assume that all that was worth while in other socialist currents and groupings would inevitably flow

into our own organization. This assumption was always incorrect and should be replaced by a serious and painstaking effort to assist in the eventual development of the broadest possible unity of all socialist-minded elements. Such a development can by no means be expected as a quick and easy solution to the common problems of all socialist groupings, or to the specific problems of our own Party."

### Differences on Regroupment

This agreed-upon formulation in the Draft Resolution merely covered up the actual disagreements between the two factions in the leadership, headed respectively by Gates and William Z. Foster. In the October 1956 issue of *Political Affairs* Foster directs the following attack at the Gates position:

"The Right [Gates group] also seized upon Comrade Dennis' proposal at the April meeting of the National Committee to the effect that the Party should look forward to the eventual formation of a 'new mass party of Socialism' through a merger of the Communist Party and other Left groups in this country. . . The Rights, by giving the whole project an air of immediate possibility, also used this slogan in a liquidationist manner. For there would be no point in rebuilding the Communist Party if it were soon to be replaced by a new and glittering mass party."

Gates retorted to this in the November 1956 issue of *Political Affairs*:

"I do not agree with those who say the slogan of a new united party of Socialism should be de-emphasized and put on the shelf. In actuality this would mean to discard it and not to work seriously for it. Of course it will not come about overnight, but we must be foremost in working for socialist unity."

Apparently in the heat of the factional struggle within the CP, Foster found that his frontal attack on this point met with considerable disfavor in the ranks. Whereupon he beat a retreat. In the CP Discussion Bulletin No. 5, issued Jan. 15, Foster makes this revealing remark:

"Another basic lesson newly learned by practically our entire Party is that henceforth we must take a more cooperative attitude towards other Left

groupings. This has been a serious weakness in the past. Our Party will — has in fact — abandoned its erst-while conception, actual or implied, that it has a 'monopoly' upon the propagation of socialism in this country. It must also orient upon the expectation of eventually merging with some of these groups into a United Party of Socialism. Early tendencies to look upon such a development as an immediate possibility have been at least partly liquidated. Only a political novice could ignore the political unifying effect in the Party of this new attitude towards the broad Left, which is being almost unanimously accepted." (Our emphasis)

For a time, as the Foster faction pressed an offensive against the Gates group, there was a toning down in the *Daily Worker* of any mention of a "new mass party of Socialism." More recently, on the eve of the Communist Party convention, Gates again expressed himself on this question in a manner which would indicate that he feels considerable confidence in a popular reception for his position on regroupment in the party ranks. In the Feb. 11 *Worker* he says:

"There are many differences among forces on the Left, serious and important. In the first place, we need to discuss these differences with each other, argue things out; we must also strive to work together and act together on those things about which we can agree, and in these discussions together, working together, acting together, we will be able to achieve — finally — organizational unity on a socialist program. . . . But if we cannot learn to respect the differences within our ranks in the Communist party, we will never learn to respect the opinions of others, outside our ranks."

### The Foster Group

Why is the idea of regroupment so popular in the ranks of the Communist Party? We should not discount the appeal it has for such elements that would like to return to the days when the CP had close relations with the labor bureaucracy and the capitalist liberals. Such elements probably think of regroupment in that sense. But at a deeper level, the workers in the party who are striving towards a revolutionary socialist solution to the crisis, see in the idea of orient-

ing towards a new, unified socialist party two basic things:

(1) They see a means for assuring a genuine break with Stalinism and the bureaucratic domination of the Kremlin over the Communist parties; and (2) they see a means for continuing the discussion within the CP and among all radical organizations.

Foster's barbs at the Gates group on the question of regroupment are not directed against the Social Democratic and "liquidationist" tendencies implicit in the Gates position. On all fundamental questions which touch on attitude towards reformist, class collaboration and the labor bureaucracy, Foster is at one with Gates. The leaders of both factions favor support of the Democratic Party and "multi-class coalition" politics. Neither Gates nor Foster have broken with Stalinist people's frontism in favor of the position of class struggle socialism.

Foster's antagonism to the regroupment idea stems from his determination to restore Stalinist monolithism in the Communist Party. This determination has been strengthened by the recent "back to Stalinism" declarations of Khrushchev and Co. Foster wants to end the crisis within the CP by reimposing the rule of the gag on all criticism and discussion. His appeal to the workers in the party against Gates' liquidationism is purely demagogic. Yet many workers in the party, according to all evidence, recoil from the Gates group and tend toward the Fosterites, precisely because of the fear that Gates and his associates want to break with Stalinism only to lead them into the swamp of State Department "socialism." On the other hand, these same workers display a keen hostility towards Foster's thinly disguised plans to turn back the clock and re-establish the power of the old bureaucratic machine in the party.

We see, therefore, that the devoted revolutionary militants within the CP have been unable thus far to find a focal point in the

national leadership for their strivings to get back to the revolutionary path. The rank and file CPers have a generally low opinion of all the leaders and see inadequacy and grave faults in both groups. This has resulted in the appearance, on a local basis, of a number of groups in the secondary leadership and the rank and file that are seeking to work out the basic programmatic problems, acquire an understanding of how Stalinism arose, and determine how revolutionary workers can reorient in this crisis.

This process requires time and patience. The break-up of Stalinism and the socialist regroupment of worker-revolutionists who adhered to it is a painful and tortuous process. It will vary in form and tempo from country to country. In the U.S., where the pressure of prosperity-reaction continues to be dominant, the process confronts additional and exceptional difficulties. Above all the process requires the continuation of the discussion and its advancement to a higher level. That is the main point that the rank and file of the Communist Party appear to be grasping and that is why they favor the idea of regroupment, however it may have been formulated.

The greatest help that can be given to the continuation and maturing of the discussion within the Communist Party is to advance the broader discussion within the radical movement as a whole. The broad discussion can help prevent the hard-shelled Stalinists from abruptly reimposing their bureaucratic regime on the CP. It can also help considerably to provide nourishment to elements within both the Foster and Gates groups who are seeking a way to revolutionary Marxist conclusions. In addition the broad, organized and inclusive discussion provides an arena for the thousands of revolutionary elements who have left the Communist Party during the recent years and for additional thousands who were in the periph-

ery of the American Stalinist movement.

We must therefore regard Foster's policy as the greatest threat to the progressive outcome of a discussion on revolutionary socialist regroupment. Foster's policy, however, is not the only obstacle to the discussion that has appeared. A threat has also appeared from the direction of the American Social Democracy.

### Thomas Walks Out

After the first impact of the Twentieth Congress of the Communist Party of the Soviet Union had registered on the consciousness of the radical workers in the U.S., an important meeting took place May 27 in New York City at Carnegie Hall at which both Norman Thomas and Eugene Dennis were present on the platform. This meeting, while excluding revolutionary socialist representation from the speakers' list, was the beginning of the process of interracial organization discussion.

At the May 15, 1956 meeting of the National Action Committee of the Socialist Party the following discussion was noted in the minutes:

"It was reported that the Fellowship of Reconciliation was sponsoring a meeting at Carnegie Hall at which speakers would include Norman Thomas, Eugene Dennis, General Secretary of the Communist Party, A. J. Muste and William DuBois. There was discussion as to the advisability of cooperating in programs which give an audience to Communist Party spokesmen."

By the beginning of September, 1956 the "discussion as to advisability" had already led to outright opposition to such activities. At the Sept. 1-2 meeting of the National Executive Committee of the Socialist Party it was reported that the Los Angeles Local was scheduling a debate with the Communist Party. The NEC passed the following motion:

"That it is the feeling of the NEC that the cause of American socialism is not advanced by the actions of the

Socialist Party groups which engage in joint activity with the Communist Party or any of its affiliates."

On Nov. 15, when a bitter dispute on the Hungarian revolution was raging in the Communist Party, the NEC took note of a projected symposium in Detroit that was to include Norman Thomas and a representative of the CP. A motion was passed.

"To delegate Comrade Myers to convey to Norman Thomas the NEC feeling that it is unwise for Socialist Party speakers to appear on panels with spokesmen for the Communist Party and various Trotskyite groups."

Thomas then publicly withdrew from the speakers' list. Moreover, he wrote an article for the December *Socialist Call* in which he laid down the conditions for unity with anyone who was "tainted" by previous association with both "Stalinists and Trotskyists." In this article Thomas said that while he was "inclined to accept the belated sincerity of American Communists who, since Khrushchev gave them permission for criticism, have gone beyond him in their reaction to Soviet intervention in Hungary" he would "want a period of probation to put the sincerity of Communist reformation to the test." He spelled out exactly what he meant by "reformation." "We must insist," he declared, "that reformed Communists, Stalinists and Trotskyists, must repudiate doctrines and practices set up not by Stalin but by Lenin."

Thus the discussion on regroupment was confronted with two actions by the Socialist Party leadership: (1) A ban on discussion with representatives of the Communist Party, any affiliates of the Communist Party, any representative of the Socialist Workers Party (the American Trotskyists), or with any groups that had previously been in the CP or SWP. (2) An ultimatum to these organizations demanding that they renounce Lenin and Leninism as a pre-condition for any discussion of unity.

### SP-SDF Merger

This policy of Thomas and the Socialist Party developed against the background of the approaching merger between the SP and the Social Democratic Federation which was consummated in New York, Jan. 18-19, on the program and conditions of the right wing Social Democrats. The political character of this merger and its relation to the struggle for a revolutionary socialist regroupment, is clearly revealed in the documents of the SP left wing, organized in the Committee for a Socialist Program. The left wing mustered one third of the Socialist Party votes against the merger. (The vote was 200 in favor to 100 against.)

In a mimeographed letter, Nov. 3, David McReynolds, leader of the SP left wing, traced the struggle he had waged to promote unity with the SDF on "a more socialist statement than the 1955 'memorandum' on merger." McReynolds said he "made every effort in this direction," but in the end "was finally convinced that merger with the SDF" on the basis of the 1955 memorandum "would *not be socialist unity*, and would be a *block to socialist unity*." (Emphasis in original)

McReynolds therewith resigned from the unity negotiations committee in order to carry on his programmatic fight against the merger.

In his Nov. 3 letter McReynolds said:

"To accept the shamefully inadequate 'memoranda' would be politically wrong. I am not a political purist. We must compromise at times. But there are some things you do not compromise. You do not — ever — compromise socialist support of democracy. But merger with the SDF, which has given silent (and at times active) support to the totalitarian liberals, means just such compromise. You do not — ever — compromise socialist opposition to militarism and imperialism. But merger with the SDF means full support for the worst, most shameful policies of the State Dept. and John Foster Dulles." (Our emphasis)

Another aspect of the Memorandum

dum of Understanding was later spelled out by Louis P. Goldberg, Chairman of the SDF, at the merger convention. "We are organizing a new political party," Goldberg explained, "which is pledged by our unity agreement not to rush rashly into the electoral field." He concretized this delicate understatement by the following reassuring comment: "The expression of fear in some corners that a new socialist party would interfere with labor's political action is unfounded. Carrying out our document on political action, we will not nominate for public office candidates in opposition to those endorsed by the legitimate labor movement."

The National Executive Committee of the merged SP-SDF indicated its attitude towards participation in the discussion on regroupment in a motion passed at its Jan. 20 meeting:

"That no member, branch or local shall enter into any joint activity or project with any other political organization without the express permission or direction of the NEC or NAC, except as specifically provided in Section 6 of the Memorandum of Understanding in the report on political perspectives."

Section 6 of the "Memorandum" urges "members of the United Party" who are in "liberal-labor organizations" that generally support the Democratic Party, "to stress the importance of independent political action." However, section 7 says, "it shall be the privilege of individual state and local organizations to allow their individual members to support candidates for public office who have been endorsed by liberal and labor groups." Thus, while denying freedom of SP-SDF branches to participate in either discussions or united actions with other working class organizations, the NEC provides full leeway for labor bureaucrats and others to act without restriction in support of capitalist parties and politicians.

In sum, the SP-SDF merger has the following political basis: acceptance of the foreign policy of

the State Department socialists; support of the labor bureaucracy's Democratic Party politics; support of the Second International program and organization including all "socialists in power" and, therefore, support of the imperialist policy pursued by these "socialists"; a ban on all discussion with any organization in the radical movement that does not get "cleared" by renouncing Leninism.

We cannot, therefore, consider this unification as helpful to a revolutionary socialist regroupment. On the contrary, it is a calculated blow at such a regroupment. It replaces the necessary process of programmatic discussion with ultimatums to capitulate to State Department socialism. It obstructs the efforts of radical workers to free themselves from the hopeless morass of capitalist politics. It can offer no acceptable way out to the workers caught in the crisis of Stalinism.

### The Collapse of SP Left Wing

All the more regrettable is the fact that David McReynolds and a number of other leaders of the SP left wing defaulted on their pledge to carry out, to the very end, a principled fight against this obstruction to revolutionary socialist unity.

In his Nov. 3 letter McReynolds said: "I propose to fight the issue every step of the way. The moderation we exercised at the Party convention in June, when we were working out, with our fellow socialists, ways of building the Party — that moderation will certainly not be evident in January when we will be meeting with non-socialist and undemocratic elements."

He closed this letter with the emphatic promise: "We shall never accept the 'memoranda' as the basis for unity." (Emphasis in original)

Unfortunately, this promise was not kept. Instead, after the SP left wing had lost the referendum, in a letter dated Jan. 9, 1957, "urging every comrade remain in the Party

and support unity," McReynolds said, "It is politically meaningless for us to leave the Party. Where would we go?" He expressed the curious notion that "without question it [the merger] will be a blow to the left wing of the Party. But I believe it will strengthen the Party as a whole." Accordingly he slipped into referring to "the value of unity."

In this letter McReynolds proposes to abandon altogether the basic fight against the merger:

"Since it still seems quite possible to block unity at the convention itself I want to go into some detail as to why we not only should be united in remaining in the Party but should now support unity with the SDF and make no attempt to block it." (Our emphasis)

The first reason he gave to abandon the fight is the following:

"If we 'sabotage' now then all the enthusiasm generated among right-wing socialist elements will be dashed to the ground. In the long run this will do us no good. On the other hand, the left wing socialist community wouldn't see that any great principled stand had been taken, but would only assume we were being sectarian."

McReynolds apparently forgot that in his Nov. 3 letter he had said, "Comrades, do not feel you are being sectarian if you reject these merger proposals. *You are simply being a good socialist.*" (Emphasis in original)

Another reason McReynolds gave in his Jan. 9 letter for switching from opposition to support of SP-SDF unity was even more revealing than the first:

"It is true that if we were in control of the Party we would doubtless formulate a better and more principled basis for uniting the socialist movement. However we are not in control of the Party. We are a minority. We are strong enough as a minority to block unity or to split the Party — but a minority that is that strong betrays the socialist movement if it gives way to emotional manifestoes. We are quite strong enough — PROVIDED WE ALL REMAIN IN THE PARTY — to bring victory out of defeat and to see to it that the present unity convention is one



step toward a really effective, powerfully organized democratic socialist movement."

### An About Face

In this one brief paragraph McReynolds reverses everything he had been saying during the entire previous struggle — without attempting the slightest explanation for the switch. He refers to a "more principled" basis for unity, as if it were a question of mere degree rather than the unbridgeable gulf between the principled position of revolutionary socialism and the principles of "socialists" who give "full support for the worst, most shameful policies of the State Dept. and John Foster Dulles." He forgets that he had persistently characterized the merger proposal as a "block to socialist unity" and replaces that with the thought that if the minority used its strength to block this kind of unity it would be guilty of giving way to "emotional manifestoes." He forgets his very good formulations on how socialists "never" compromise basic *principles* and replaces it with the proposition that unity with those who have abandoned these principles is the highest law of conduct for socialists.

The collapse of the left wing leadership was so complete that they didn't even come through on a promise to make a last-ditch fight at the merger convention on the issue of the party name. The name "Socialist Party" McReynolds said in his Jan. 9 letter, "is one of the few important assets the Party has left. . . This matter is sufficiently important that I think it might very well be better — despite all that I have said about the value of unity — to break off further negotiations rather than give up the name which has so much value for us at this moment."

When the convention took place, however, the left wing leaders didn't conduct a serious fight on this or any other question. In truth they displayed an even greater "moderation" when face to face

with "non-socialist and undemocratic elements" than at the June convention of the SP when they felt they were discussing with comrades.

### The Role of Shachtman

Another link in this chain of capitulation to the right wing Social Democrats is provided by the Independent Socialist League, headed by Max Shachtman.

In the Jan. 9 letter proposing capitulation, McReynolds said:

"I have also been relieved following recent talks with Max Shachtman since it seems the ISL (Independent Socialist League) looks upon unity with the SDF as a first step toward a re-built socialist movement under the banner of the Socialist Party and will therefore refrain from that sectarian cross-fire I had feared. In fact I thought it rather ironic that when I last met with Shachtman to urge the ISL to suspend judgment on the merger since I thought it might not prove as disastrous as I had earlier expected, that before I could even set forth this view of things, Comrade Shachtman was saying how important it was that the left-wing not leave the party in a huff, but remain and help make the best of the unity."

Shachtman has since explained the basis for his encouraging the SP left wing to abandon its programmatic struggle against their merger. He calls on all radical organizations to merge with the SP-SDF as the ideal vehicle for building a mass socialist movement in the U.S. He urges that all positions on the "Russian Question" be "frozen" in the united party. Since its program on the "Russian Question" would affect the basic character of the party and its attitude towards the foreign policy of American capitalism, it is interesting to inquire as to what Shachtman believes the official position of the united party should be on the Soviet Union.

Shachtman is quite clear on what the official position shouldn't be. We can have such a united party on "one condition" he says, "and we state it frankly as a condition." Here is how *Labor Action* reports this condition, quoting Shachtman's speech at a Jan. 18 forum

in New York:

"The movement must not take as its official position 'the position that the present totalitarian regimes in Russia and the satellites represent a socialist or working-class state.' Individuals or tendencies have the right to hold it inside, 'but the movement itself cannot expect to represent a fruitful unity if it is committed to any such proposition.' In this case it would be 'doomed in advance to failure' in the American labor movement."

A second and derivative condition is reported in the same article:

"The working class must not feel 'that this regrouping is a defender or apologist for the totalitarian regime in Russia, or is committed to defending it and helping it to victory, including military victory, in any conflict it wages.'"

### Everybody Freeze! Except. . .

We will not deal with the many distortions and provocative misrepresentations contained in Shachtman's version of the position of radical organizations on the character and defense of the Soviet Union. It is sufficient to point out that he lumps together the diametrically opposed Stalinist and Trotskyist positions on the question. The point here is Shachtman's position on regroupment.

The question immediately arises: Having ruled out an official position calling Russia a degenerated workers state and defending it, despite bureaucratic deformations, from imperialist attack aimed at restoring the system of capitalism, what position does Shachtman believe the party *should* take officially?

From his whole line of conduct we must conclude that Shachtman believes that everybody should "freeze" their positions on this crucial question — except the right wing Social Democrats! Nowhere in his discussion of merger with the SP-SDF does he utter a word of criticism of the official Social Democratic position on the Soviet Union, contained in the Memorandum of Understand-

ing between the SP and the SDF as follows:

"Such a crusade must not be based on any illusion that peace can be achieved by appeasement of the Communist imperialism that threatens the world's peace and freedom. . . We realize that until universal, enforceable disarmament can be achieved, the free world and its democratically established military agencies must be constantly on guard against the military drive of Communist dictators." (Our emphasis)

Isn't this the position that Mc-Reynolds described as "the worst, most shameful policies of the State Dept. and John Foster Dulles." But apparently Shachtman sees nothing wrong in the united party holding this official position. He sees nothing wrong with accepting the position of the Social Democratic enemies of the Russian Revolution and with hurling ultimatums at the anti-imperialist, anti-Stalinist defenders of the basic social conquests of the Russian Revolution.

To show that they mean business, the followers of Shachtman gave full and uncritical support to an SP-SDF rally on the Hungarian revolution at which the principal speaker was the Social Democrat, Anna Kethly. In advertising this meeting the *Socialist Call* said: "Miss Kethly will . . . call for a United Nations Emergency Force to be dispatched to Hungary." Not a word of dissent was uttered by Shachtman or *Labor Action* against this brazen call for imperialist intervention. And when Miss Kethly actually made such an appeal to the United Nations on Jan. 28, again there wasn't a murmur of protest from the Shachtmanites. Instead they characterized the Kethly meeting as "solidarity with a socialist revolution."

Doesn't this single episode show that by unity Shachtman means unity with the State Department socialists on *their* program?

### Support of Democratic Party

In his speech to the above-mentioned forum, "Shachtman explained that he did not want to

deal here with any of the other important questions, including the so-called 'American Question,' that a regrouping would face, 'in order to make it clear that so far as we are concerned, differences on such questions are not the cause of split in the socialist movement and should not be allowed to divide socialists.'"

There is only one possible meaning to this statement: Shachtman calls on the radical workers to merge into the SP-SDF and agree in advance that they will go along with the policy of supporting the Democratic Party in the elections. It was precisely this issue which split the Socialist Party in 1936 when the right wing of the SP walked out of the party because the majority favored independent Socialist candidates and the struggle to form a Labor Party. Now Shachtman proposes to reverse matters and ask the class-conscious workers to return to the SP under the terms of the Old Guard.

There are two interconnected premises for Shachtman's position and we believe both must be rejected if a revolutionary socialist regroupment is to be achieved. Shachtman holds that (a) Social Democracy is progressive in relation to the present stage of development of the American working class; we should, therefore abandon the conception that our differences with Social Democracy are irreconcilable and fuse into one party with them even if it means that their pro-imperialist, pro-capitalist-party politics would determine the nature of the party; and (b) we must renounce all thoughts of splits from such a united party and pledge in advance that differences over such questions as support of imperialism or capitalist parties "should not be allowed to divide socialists."

We disagree with both propositions. Social Democracy is not progressive in any sense whatsoever. It is, as much as Stalinism, a blight on the workers' movement. Social Democracy takes the

American form of the trade union bureaucracy. This parasitic formation must be broken up and removed as an obstacle to the progress of the labor movement. We disagree with the idea that unity with the ideological representatives of the labor bureaucracy, the American Social Democracy, is the duty of revolutionists.

### Splits and Fusions

Secondly, we cannot agree with a notion that flatly ignores the many-sided aspects of splits in the life of the workers' movement. In our opinion splits are just as much a part of the regroupment process as fusions. In the struggle to create the mass revolutionary party of the working class splits have played a constructive as well as a destructive role. It depends on what splits are referred to. Those that are necessary, inevitable and historically justified help to achieve unity of revolutionary workers on a correct program.

We think the split in the American Socialist party following the Russian Revolution was necessary and justified. It marked the emergence of the Communist movement in America, as well as internationally. Shachtman now deplores this split as the original sin which, in his opinion, accounts for the weakness of the American radical movement today. We can only say that following this logic, one must trace the split back to the struggle between Menshevism and Bolshevism in Russia and deplore the victory of the Russian Revolution of 1917 itself. For it was the Russian Revolution, that great divide in the history of the modern working class movement, which separated revolutionists from reformists the world over.

As a matter of fact the entire aim of revolutionary socialist policy in the United States should be to split the American labor movement away from the Democratic Party and towards the organization of its own class party — even if a few die-hard bureaucrats want to remain entangled in capitalist

politics. Such a split would be just as progressive as the split which gave birth to the CIO and enabled the "fusion" of mass production workers into industrial unions. That split, we are convinced, laid the groundwork for a higher unity of American labor, going far beyond the present limited AFL-CIO stage.

We think that if the revolutionary and independent elements in the American Communist Party today were confronted by Foster with a split threat, it would be erroneous and fatal for them to give up their struggle for the sake of unity on a false program. A left wing of the American Communist Party which broke with Stalinism would rapidly accelerate the process of revolutionary socialist fusion.

The problem before us is how to facilitate the regroupment of *revolutionary socialist* forces. This is not the same as the flight of ex-revolutionists into the Social Democracy or back to Stalinism.

Shachtman's proposition cannot serve the interests of a revolutionary socialist regroupment. It can only provide a cover for the attempt of the Social Democrats, who, no less than the Fosterite Stalinists, are working against such a regroupment. Shachtman wants to *begin* the necessary discussion among the radical organizations with an ultimatum as to how it must end. We, for our part, want to begin by placing our views before the radical working class public, subject them to the forum of criticism and debate, examine all other programmatic positions fairly and without prejudice, and in that way explore the basis for a fruitful and lasting unification of radical organizations on the necessary minimum points of programmatic agreement. It is only along this road that a firmly founded revolutionary socialist party can be created that will lead to the victory of the American working class in its coming struggle for Socialism.

# American Prosperity Undermines Itself

by Arne Swabeck

**F**IFTEEN years of relative prosperity in the United States, and the recent upturn in Europe, have given new impetus to the never-ending debate about the validity of the Marxist analysis of the objective laws of capitalist economic developments. Once again the bourgeois ideologists marshal their arguments to attempt to refute Marx. Some of them will concede, rather slyly, that the Marxist analysis seemed to have some justification during the time of the "dark satanic mills" in England of a century ago; but they insist that it has little or no relevance to the "new capitalism" of the twentieth century. None of the learned defenders of bourgeois interests possess the exuberant confidence that was displayed during the boom of the twenties; at that time the claim that Marx had been refuted by Henry Ford seemed to suffice. Yet what we witness now is the trotting out of the same old shibboleths, dressed in a more modern garb, but equally devoid of scientific or even rational content.

"Marxism was the raw answer to raw primitive industrialism," says Barbara Ward, former foreign editor of the London *Economist* and author of *Faith and Freedom*. But now, she insists, "a revolution has occurred in industry which has made modern capitalism, in certain areas — chief

among them the United States — almost unrecognizable in terms of nineteenth-century practice." Now even the "profit motive... is, in fact, fulfilling a social function or at least operating in conditions which help to make its function social in the proper sense... the profit motive serves the mass market."

The theme of a "capitalist revolution" appears on every hand. Even the "strong man" in the Eisenhower Cabinet, Treasury Secretary Humphrey, does not mind such terminology. In an interview with the editors of *U.S. News and World Report*, January 14, 1955, Humphrey described "our wonderland economy":

"Q. Doesn't this prove that social revolution can come about peacefully in a democracy?"

"A. Yes. Compared with the rest of the world, it is clear that this nation's economy has grown right on past, and has left behind in the dust, both socialism and communism. We have progressed so that the basic interests of the wage earner and the small saver are today the same as the basic interests of the larger investor."

This theme is elaborated in exalted prose by the well-known economist and corporation lawyer, A. A. Berle, Jr., in his recent book *The Twentieth Century Capitalist Revolution*. It is hailed in the publisher's blurb as "A clear and conclusive refutation of Marx-

ist philosophy." Exultant about the power and "corporate conscience" of American capitalism, Berle declares that its "aggregate economic achievement is unsurpassed... Its instabilities and crisis... show indications of becoming manageable." According to Berle this "capitalist revolution" is supposed to have resulted in fundamental changes in the spheres of both economy and class relations.

### "People's Capitalism"

All that now remains is how to define this phenomenon. Suggestions from bourgeois publicists have ranged from capitalism with "a balanced full employment economy" to "people's capitalism." And why not? According to some of the specious theories advanced, workers and capitalists both work, supposedly alike, only in different spheres. As a finishing touch to these ideas, the E. I. du Pont de Nemours and Co., which earned the name "Merchants of Death" as a result of the post-World War I probe conducted by the Nye Munitions Investigating Committee, is now being presented on Voice of America broadcasts as an example of "people's capitalism."

Philosophical justification is supplied by the type of panegyrics to the "new capitalism" of which Robert L. Heilbroner's *The Worldly Philosophers* is representative. Compared to the crude sophistry of Barbara Ward, Heilbroner's approach appears rather refined, but any resemblance to scientific method is purely coincidental. He pays his respects to the penetrating examination of the capitalist system made by Marx. Moreover, Heilbroner considers it frightening to observe the grim determination with which weakened European capitalist countries steadfastly hewed to the very course which Marx insisted would lead to their undoing:

"But capitalism here [in the United States] has evolved in a land untouched by the dead hand of aristocratic lineage and age-old class attitudes. . . Here is a business community in which 'public

relations' have come to be a paramount concern — in which, that is, business is engaged in explaining and justifying its place in society. . . in the new world new attitudes have emerged: the idea of democracy, the idea of an impartial government seeking to reconcile divergent interests. . . all this would have seemed only a wishful fantasy to Marx."

Yet this optimism is by no means universally shared. Uncertainty and anxiety concerning the future appear repeatedly even within the very circles most fond of extolling the superior virtues of the "free enterprise" society of the dollar oligarchy.

### The Debate Broadens

There are voices also from the left in this debate, claiming to speak in the name of socialism. Among these, the editors of the *Monthly Review* indicate that they are also slightly beguiled by the theme of a "capitalist revolution," their own formal disavowals notwithstanding. In the issue of December 1954, the editors declare:

" . . . It should be obvious that our analysis provides no support for the view that there is likely to be a repetition of the Great Depression. It is to be anticipated that government will become a more, not less, important factor in the demand for goods and services as time goes on."

Returning to the same subject in the April 1955 issue, the editors of *Monthly Review* recognize that the forces making for a crisis are in full operation.

"But they can be countered and, indeed, sooner or later they almost certainly will be countered," say the editors, and they add: "All classes of the American people have learned at least one thing in the last decade and a half, that economic crises are not made in heaven and that the government can deal effectively with them if it is prepared to borrow and spend on a sufficiently grandiose scale."

The editors of *Monthly Review* conclude that a large increase in government spending "points in the direction of the real prob-

lems and struggles ahead. Who is going to control this vast and growing outpouring of public funds? What objectives will be served by it? What groups and classes will be the chief beneficiaries?"

The importance of the latter point is readily conceded. Likewise, there need be no doubt that the government will intervene more, not less, in economic developments. But whether or not the government can "deal effectively" with economic crises is another question which we will discuss later.

The Stalinist leaders of the Communist Party are no less equivocal in their appraisal of economic developments. In fact, it is difficult to judge what their actual appraisal is, but an indication is given in their confession of "left sectarian errors." Some of these we extract from their present "Draft Resolution" for the 16th National Convention of the Communist Party scheduled for February 1957:

"Repeatedly since 1945, the Party has erred in assessing economic developments in the United States. In 1945, in 1949 and in 1954, it predicted that the current declines would develop into crises of major proportions."

According to the draft resolution the party erred in appraising the effects of continued arms program, of investments in fixed capital, of the scope of unsatisfied consumer demand and the possibilities of credit expansion, etc. "The Party's judgment in each case was faulty because . . . [of] applying the Marxist theory of economic crisis in a routine, formal and doctrinaire manner."

This reason given for faulty judgment conceals more than it reveals. If a "routine, formal and doctrinaire" application of the Marxian theory was all that was involved a correction would seem possible. But the truth is that, due to the years of corruption in the Stalinist school, these leaders have long since forsaken Marx-

ist theory. Proof of that becomes patently clear in their projected program to meet capitalist crises. But this question can be discussed more fruitfully following a careful examination of what is proclaimed to be "the greatest boom of all time."

### War and Armaments "Boom"

Admittedly, fifteen years of relative prosperity, interrupted by what turned out to be merely minor recessions, is unprecedented in capitalist history. Employment and total payroll is, at the midpoint of 1956, at an all-time high. The annual rate of production and services—gross national product—has now exceeded the \$400 billion mark. For the year 1955 national income amounted to \$322 billion, of which wages and salaries accounted for \$208 billion (preliminary figures)\*; corporation profits, garnered out of the products of labor, broke all records, reaching the total of \$43.8 billion (before taxes). Yet these figures do not include additional concealed profits, such as huge reserves set aside for depreciation and for various unnamed contingencies. Even per capita disposable income for the whole population, measured in constant 1955 dollars, has increased from \$1,066 in 1929 to \$1,630 in 1955.

At any rate, so says the official record; but the same record also concedes that in 1953 there were 22,186,000 families, or 43.9% of all American families, who had an annual income of less than \$4,000, which was considered a necessary minimum then for a decent standard of living. And, leaving aside for the moment the tremendous consumer indebtedness, it is true that today family home ownership is higher than ever; the same holds true for ownership of cars, television sets and home appliances. Viewed superficially, there seems to have been some

\* All figures, unless otherwise noted, are from official government sources as presented by *The Statistical Abstract of the United States*.

justification for the claim made by the President's message to Congress last January that "Our economy... is at an unparalleled level of prosperity."

However, this "greatest boom of all time" includes the tremendous cost in human lives and the immeasurable destruction of World War II and the Korean War. It includes the stupendous total in direct military expenditures by the U.S. government, during these fifteen years, of \$618.2 billion, or an annual average of \$41.2 billion. No destruction ever touched an American industrial plant; instead, the huge military outlays served to prop up the otherwise sagging economic structure. A whole new activity ensued: building and tooling of government-financed plants, government purchase of raw materials and financing of the production of weapons of war.

Here then is revealed the primary underpinning for the relative prosperity. "The greatest boom of all time" rose and developed principally on the yeast cake of the war and subsequent arms economy.

What this signifies in terms of economics can be illustrated most effectively by comparing the present boom with the previous prosperity period of the nineteen-twenties. We take as our example the most important factors making up the total demand for production of goods and services: consumer purchases, private domestic investments and government purchases. Thus in 1929 consumer expenditures accounted for 76.5% of the total, private business investments accounted for 15.3%, while government purchases were only 8.2%. By 1955, however, this last item, government expenditures, occupied an entirely different position in the economy. The "sovereign" consumer's share had now declined from 76.5% to 65.1% of the total, while private business investments remained constant at 15.3%; but government expenditures now accounted for 19.6%.

### Government Expenditures

Viewing the above factors in their mutual interrelations we get a still clearer appreciation of what these government expenditures mean to the economy as a whole. As is well known, in capitalist society the purchase by consumers of goods to fill their everyday needs and the investment by business of capital for plants, equipment and materials, etc., form the more permanent basis for sustaining the economy. And so, in 1929 the gap left between these two items combined and the gross national product amounted to not more than \$9.2 billion (1929 valuation); this gap was filled largely by government expenditures, primarily non-military in nature. In 1955, however, the gap between these two items combined and the gross national product reached the far greater sum of \$79.2 billion (current valuation); again this gap was filled largely by government expenditures, to be exact, in the amount of \$75.9 billion. The balance was made up by net foreign investments. But these government expenditures were primarily military in nature. In fact, during these fifteen years of relative prosperity, total government expenditures—of which more than two-thirds went for directly military purposes, with an unrevealed proportion of *indirect* military outlays—reached the enormous sum of \$902.8 billion, or an annual average of \$60.2 billion. In other words, without these huge government arms expenditures, the American capitalist economy would experience a catastrophic plunge into depression and large-scale unemployment.

But private investments in production of capital goods have also kept abreast with the rising economic boom level. That this should be the case is not at all surprising for a period in which the insatiable demands of war accelerated all economic developments. Arms production and rationalization of industry, by dint of necessity, went hand in hand. Lush prof-

its in production of weapons for war and for the arms race gave an immense impetus to greater investments in fixed capital for the building and expansion of plants and modernization of equipment. Application of electronics, complex automatic control devices and automation of whole industrial plants, formed an important part of these developments.

### **Industrialization of the South**

And yet there is also a distinctly new aspect to the sustained private capital investment boom, an aspect of actual capitalist expansion: the industrialization of the South. According to *U.S. News and World Report*, January 27, 1956, the Southern states at the turn of the century had only 9% of the country's manufacturing facilities; now they have nearly one-quarter. Gains in manufacturing output, over the last fifteen years, range from 353% for Alabama to 533% for South Carolina; and industrial output for all of the Southern states climbed to close to \$60 billion in 1955.

"War plants gave the South its first real shot in the arm," says *U.S. News and World Report*. The South was engulfed by a tide of so-called defense construction, running into billions of dollars, including a new H-bomb plant into which more than \$1.5 billion have been poured for plant, payroll and community facilities.

Rolling, fallow fields are now checked over by new factories drawing their workmen from the farms. Agriculture has been industrialized; sharecropping has been reduced by one-half. And where a sea of aching backs once moved through the rows of bursting cotton plants, heavy machinery has rumbled into the scene. The sharecroppers and plantation hands have been expropriated from the soil; they have become transformed into material elements of variable capital, furnishing labor power either for industry in the North or for the new plants in the South. From participants in old backward forms of production, they

have become transformed into producers and consumers of goods pouring out of capitalist industry. As in the early period of dynamic capitalist expansion, when the frontier was constantly extended and industrialization of new regions followed, so now on a smaller scale, it became possible to repeat this process in the South. During these last fifteen years capital investments have taken over and transformed the old semi-feudal system of production in the South.

### **Foreign "Aid"**

Finally to be considered, as a part of this "greatest boom of all time," is the item called foreign aid. And this is not the least important part either, for it involves American efforts abroad to arrest the process of crisis and disintegration of the old and outlived social order as a whole. American capitalism, for its own survival, had to assume the responsibility of restoring the world capitalist equilibrium which was shattered by World War II; this included the task of restoring the war-dismembered world market and international division of labor. Above all, American capitalism had to take on the job of defending the decaying capitalist system as a whole against the extension of the October 1917 revolution.

In the light of such objectives there is no reason to assume that any part of this foreign aid, going chiefly to Europe, was dispensed for the benefit of workers abroad. On the contrary: the war-devastated industries and cities were rebuilt on the knuckles and bones of the workers. They were compelled to consume less and produce more; and incidentally, as in France, they were exhorted to do so by their Stalinist leaders when the latter held posts in the bourgeois government.

For the eleven-year period from July 1, 1945, to the end of the fiscal year June 30, 1956, total net U.S. expenditures for foreign military and economic aid amounted to \$55.5 billion. In this case also

it is important to note that the overwhelming bulk of foreign aid went for military purposes in the form of weapons and auxiliary implements of war. Thus, for example, the highest of the annual appropriations made for this purpose, for fiscal 1952, was \$8.5 billion of which \$6.3 billion was specified for military weapons produced in the United States.

Over these years, each annual appropriation served as a government subsidy for American exports and, needless to say, private business and capital investments followed in the wake into the stabilized market. Moreover, the government subsidy served also as compensation to American monopoly concerns for their loss of exports to important sectors of the world market which were walled-off by the fire of colonial revolution.

Viewing these developments, what stands out above all else is the importance of government expenditures for war and arms production as the major component in the present artificial prosperity. But to realize what this means and to foresee its consequences it is necessary to understand the nature of the epoch in which it occurs. The mechanism whereby the various aspects of the economy are at one period brought into balance and at other periods disrupted, reveals the objective laws of capitalism. But the operation of these laws, so thoroughly analyzed by Marx, yields, as he pointed out, different results in a developing and a declining economy.

### **Basic Cause of Crisis**

For the capitalist economic system the general historical curve of development is no longer upward. That came to an end for the world system as a whole shortly after the turn of the century, and for the United States certainly with the collapse of the boom of the twenties. If there be any doubts about this, we need only recall the Great Depression from which American capitalism found a way out only by plunging into

war expenditures on a vast scale. This, however, did not remove, or even mitigate, a single one of the basic causes of that crisis. Yet, within the general historical curve of capitalist economic development, there are short-range pulsations of expansion or contraction which may run counter to the general curve. What we have been experiencing during these last fifteen years is a series of such pulsations; these have been quite extraordinary, to be sure, for they included large-scale production for World War II, for the Korean War and for the subsequent arms program; they included also a couple of recessions.

Not these pulsations, however, but the general historical curve of development foreshadows the future. And, it is important to remember, the basic causes of crisis, which exploded with unsurpassed fury in 1929, still form an integral part of the economic structure, although their operation is for the time being concealed.

On the surface, a harmonious, prosperous equilibrium exists between the three major factors of effective demand for goods and services. Government expenditures make up for the deficiency of private capital investments and consumer purchases in keeping the productive machinery running at its current rate. The government dispenses social capital coming out of tax revenues, which means, of course, that it comes out of the products of labor and is made possible only by the great productivity of labor. Even the taxes collected from the corporations have their origin in surplus value produced by labor and converted into profits by the corporations. The greater part of this social capital is returned as payments for arms production in the juicy contracts held by corporations. Further capital investments in plants, equipment and material is stimulated, and this is given additional incentive, moreover, by government grants of accelerated tax amortization for new plants certified as necessary to the arms program.

But these three major factors of effective demand for goods and services are directly interconnected; and in their development they produce mutual interactions of far-reaching consequence for the economy. In incipient form some of these consequences are already apparent. In the first instance, in the stimulation capital investments experience in the tremendous drive for greater profits through reduced costs of labor, productive capacity is driven beyond the absorbing ability of the market. On this particular point *U.S. News and World Report*, March 11, 1955, made the following comment:

"Large unused capacities are indicated in almost all lines of industry and agriculture. Workers too are in surplus . . . American industry in fact is able to turn out a much greater volume of goods than is now being produced."

#### More Production, Less Jobs

The most important factor here is the virtual leap in productive capacity accomplished by the technological transformation that is now proceeding silently, but effectively, in major industries. What is taking place is not merely a quantitative extension, but the introduction of qualitatively new elements: automation of industrial processes. This is what Marx, about one hundred years ago, described prophetically in his analysis of machinery and modern industry:

"An organized system of machines to which motion is communicated by the transmitting mechanism from a central automaton, is the most developed form of production by machinery: Here we have, in the place of the isolated machine, a mechanical monster whose body fills whole factories, and whose demon power, at first veiled under the slow and measured motions of his giant limbs, at length breaks out into the fast and furious whirl of his countless working organs." (*Capital*, Kerr edition, Vol. I, pp. 416-17.)

Early signs of the social impact caused by automation is illustrated by *U.S. News and World Report*, April 20, 1956, in what it

calls evidence of improved efficiency:

"Factory production hit a record high in 1955. . . American industry, apparently, was able to turn out 3 percent more goods than in 1953 with almost 6 percent fewer workers. . . At present there are about 800,000 fewer workers employed in factories than at the same period in 1953. Yet output is higher."

The report continues:

"These figures indicate that the effect of investments in new plant and in modernized equipment already are showing up. Business investment plans for this year point to an acceleration of this trend. . ."

Here we have a telling illustration in facts and figures of what Marx explained as one of the laws of the capitalist mode of production: Progress in technology, in the form of more efficient machinery of production, affects directly the organic composition of capital—a qualitative change is introduced into the relation of its components. It increases the constant part (equipment and materials) at the expense of its variable part (wages, labor), and thereby reduces the demand for labor. The demand for labor "falls relatively to the magnitude of the total capital, and at an accelerated rate, as this magnitude increases. With the growth of the total capital, its variable constituent or the labor incorporated in it, also does increase, but in a constantly diminishing proportion." (*Op. cit.*, p. 690.) Marx explains further: "The laboring population therefore produces, along with the accumulation of capital produced by it, the means by which itself is made relatively superfluous, is turned into a relative surplus population. . ." (*Ibid.*, p. 692.) This is what Marx calls the industrial reserve army. Moreover, modern capitalist production, due to its cyclical movements of expansion and contraction, requires for its free play an industrial reserve army independent of natural limits of population.

Thus, in their immediate effect, the vast government expenditures for arms production and the heavy

capital investments that these stimulate, have served to keep the economy on an artificial prosperity level. Their essence, however, will unavoidably become manifest, and with intensified fury, in technological overproduction of capital and large-scale unemployment. The tremendous productivity of American labor will beat against the barriers that the capitalist system of productive relations itself sets up.

### The Credit Spree

But the mutual interaction between the huge government arms expenditures, capital investments for expanded productive capacity and consumer purchases is reflected also in the complex phenomenon that while the consumers' share of total demand for goods and services declined from 76.5% in 1929 to 65.1% in 1955, this decreased share was maintained only by an inundation of consumer credit. By the end of 1955 this had reached the fantastic sum, including home mortgages, of \$124 billion. Naturally this became a powerful stimulus to the economy; but the amount represented 46.8%, or almost half, of the disposable income for the same year, and it has since gone higher. More ominous yet, during these fifteen years of relative prosperity, consumer credit, or more exactly consumer indebtedness has increased almost twice as fast as disposable personal income. For the same period net savings out of total personal income declined from 11.1% to 6.3%. Installment credits have, no doubt, squeezed quite a few extra billion dollars out of the consumers' market; but they have not created a basis for expanding it; on the contrary, they have laid the basis for its saturation and contraction. And for the workers, whose future income is thus mortgaged, the loss of jobs will be catastrophic — as it surely will be likewise for the economy.

Incidentally, total outstanding debts, public and private, at the end of 1955 exceeded the \$675

billion mark. This is more than two-thirds of the wealth of the United States, estimated by the National Consumers Finance Association to be \$1,000 billion. Translated into everyday terms, it means that more than two-thirds of the nation is in hock to the bankers.

But there is another aspect of the credit expansion which even more directly affects economic developments — the inflationary aspect. Bourgeois publicists usually attempt to create the impression that inflationary rising prices are generated primarily by wage increases. The real situation is rather the other way around: wage increases generally lag behind rising prices. Even Treasury Secretary Humphrey, in the interview with the editors of *U.S. News and World Report* cited above, acknowledges: "Inflation is the situation in which the supply of money and credit grows faster than the supply of goods and services which you can buy. This produces a rise in prices." Facts of life show this to be the case. From the boom year of 1929 up to the end of 1955, while gross national products increased by 274%, total deposits and currencies (which include a large share of fictitious bank-made money) increased by 303%. The supply of money and credit rose faster than production. And the real source of the process of inflation experienced in the United States since the beginning of World War II is the inordinately heavy government deficit-financing of arms production.\*

What this means to the workers' pay checks is illustrated by *U.S. News and World Report*, July 20, 1956. After every war wholesale prices have declined except for the present period. Thus, eleven years after the Civil War there was a decline of 45%, eleven years after World War I a decline of

30%; but now, eleven years after World War II, wholesale prices have increased by 70%.

This is how inflation works. It presents another aspect of the mutual interaction between the various components that enter into economic developments. Expressed in monetary terms, it has created a situation in which, during "the greatest boom of all time" in the richest nation in the world, the mighty dollar, the universally recognized denominator for all bourgeois monetary exchanges, has lost almost half its purchasing power.

There exists today in high government circles a belief that by credit controls, applying alternately a government policy of "tight money" or "easy money," not only every pain and pimple in the economy can be cured, but economic cycles actually can be mastered. This is dead wrong: it is dealing with effects without touching the fundamental causes. Back in 1929 the discount rate went up to 6% and "call money" rose as high as 20%; these rates went on their merry chase until the whole economic structure came crashing down on the heads of the financial overlords.

### Capitalist Anarchy

Aside from the special feature of inflation, the basic causes that precipitated the crash of 1929 are now again coming to the fore. This is not surprising, for the immanent laws of capitalist economic development are far stronger and far more real than the most exuberant claim of a "twentieth century" or any other kind of "capitalist revolution." The very factors which operated to generate the boom, and drive it to higher levels, are the ones that set into motion the forces that will cause the boom to collapse. Lavish government expenditures for weapons of war have stimulated a vastly disproportionate expansion of the means of production. Annual capital investments have increased more than threefold from 1941 to the end of 1955; and these have

\*I refer those readers who may desire a more complete explanation of inflation to my article "Inflation and the Arms Economy," in *Fourth International*, May-June 1952.



resulted in a higher organic composition of capital, as we can see from the reports of new or improved plants, modernized equipment and greater output with less labor employed. This is a bitter example of the planlessness and anarchy of capitalist production. Moreover, the market's capacity for expansion cannot keep pace with the tremendously expanding capacity of production, for the market is primarily governed by laws which operate much more slowly.

It is this self-expansion of capital, carried on by the drive for greater profits, the motive and aim of all capitalist production, which promotes reckless speculation, overproduction, crisis and surplus capital along with a surplus labor force. Surely the American economy is headed straight for a crisis of far-reaching dimensions and explosive consequences.

It should be distinctly understood, however, that it is not in terms of human needs that elements of a crisis of overproduction are becoming apparent; on the contrary, it is in terms of capitalist relations of production. The productive forces are beating against the barriers set up by capitalist ownership of the means of production.

It should be remembered also that in historical terms the world capitalist order has entered its downward curve; it is beset by crisis everywhere. And the reality of the interdependence of nations in the world market remains in full force for the strong as well as for the weak. For American capitalism, the constant extension of its internal and external market, during past stages, acted as a self-sustaining process for expanded reproduction. This process is now being turned into reverse in a contracting world market from which 35% of the world's population have been withdrawn from the capitalist economic orbit. Moreover, the nascent socialist world order is now entering into economic competition with world capitalism. These are some of the

important characteristics of the present epoch which will have their deadly impact also on American economic developments.

But what about the much advertised built-in stabilizers, such as unemployment insurance, etc.? Will these be effective means against an economic downturn? It is quite true that for workers who lose their jobs, unemployment insurance helps to soften the blow for a short while; but neither this, nor any other so-called built-in stabilizer, can serve in a serious way to sustain the market, let alone create a new market. In fact we are provided already with an instructive example of what such measures can accomplish. The farm subsidies have helped, no doubt, to ease the present situation for the farmers, especially those on the bigger commercial farms; but they have not affected seriously the course of the farm crisis, nor have they served to remove the growing impact of the farm crisis upon the whole economic structure.

Yet further increases in government expenditures, in an effort to stem a serious economic downturn, are to be expected. More state intervention, including more government subsidies, regulations, management and control to rescue private capitalist enterprises — this is already clearly indicated. But to visualize what such a rescue mission, to be effective, would involve, we need only to recall the tremendous war expenditures required to pull out of the Great Depression. For the year 1943 the direct military expenditures reached the immense sum of \$80.4 billion, and in 1944 they went even higher, to a total of \$88.6 billion; yet these expenditures produced no use-values whatever for the consumer market. What they did produce, however, was the virulent inflation which cut the purchasing power of the dollar almost in half. Further government deficit-financing on a large scale will inevitably take the dollar on another dizzy inflation whirl. And the working

class will face the twin scourge of unemployment and spiraling prices.

### “Anti-Depression” Measures

Is this what the editors of the *Monthly Review* mean by their statement that the government can “deal effectively” with economic crisis? After all the only example that we have to go by is precisely these last fifteen years of government-sponsored artificial prosperity. It was born out of wars, sustained by expenditure for wars, for an armaments race and cold war, with all the terrible consequences that these entailed, including the threat of new imperialist wars. Moreover, this government-sponsored “prosperity” regenerated the elements of crisis which are now operating with increasing force. How the government will attempt henceforth to “deal effectively” with crisis is foreshadowed already by this very example. As in the past, so also now, be the scale of expenditures ever so grandiose, the objectives of government action and the groups or classes the action will serve are determined fundamentally by the interests the government represents. And what else is the government, the present political state, whether administered by Republicans or by Democrats, but the instrument of the owners of capital — their politically presiding executive body? The logic of this position is inescapable. Any government intervention against crisis will have as its essential objective the insurance against serious impairment of the capitalist system of free enterprise, and it will attempt to effect this by war or by any other means at its disposal no matter how ruthless. Conversely, any proposal for large-scale government expenditures which would genuinely serve the people can be expected to be fought by the owners of capital with all the powers at their command, as “socialism.”

The *National Guardian* of August 29, 1955, correctly made this particular point in argument

against the anti-depression program advanced by the Stalinist leaders of the Communist Party. In response, Celeste Strack replied for the Stalinists:

“Certainly the content of even the most advanced economic program being put forward today does not require a change in the economic system. Therefore it does not involve socialism any more than does the demand of the American people for peace. . . . To project this as a political necessity for enactment of even the most extensive anti-depression measures is wholly incorrect.” (Political Affairs, November 1955.)

This type of mis-education has its root source in the perfidious policy of the Stalinist CP leaders, who try to subordinate the issues of the class struggle to their desire for peaceful coexistence with capitalism. This currently takes the form of treacherous attempts to block the working class from moving toward political independence, in order to remain shackled more firmly to the party of Tammany Hall and the Dixiecrats.

**The Marxist Position**

Caught in this treacherous web, Celeste Strack even tries to bolster her disavowal of the socialist way out of capitalist crisis by an unpardonable distortion of Marx. She quotes at some length from the concluding part of the paper addressed by Marx to the General Council of the Workingmen’s International Association in 1865. But she selected the parts that seemed to suit her purpose, letting Marx urge working-class struggle against attacks upon wages and working conditions, but leaving out Marx’s final sentence in which he sums up the essence of his advice to the workers — not to confine themselves to mere struggles for temporary improvements. Said Marx in the sentence omitted by Strack: “Instead of the conservative motto, ‘A fair day’s wages for a fair day’s work,’ they ought to inscribe on their banner the revolutionary watchword, ‘Abolition of the wages

system!” (Published under the title, *Value, Price and Profit.*)

This is the authentic voice of Marx. For us this is a guide to action. And for Marxists there cannot be the slightest doubt that the period of capitalist crisis is precisely the time, above all others, to present the socialist solution, to raise the issue of socialism, to speak and act in terms of socialism and to fight for the socialist transformation of the economic, social and political system.

There remains to be added, in this renewed debate on the validity of Marx’s analysis of the economic laws of development of capitalist society, one more essential point. Marx stressed that what is of primary concern in the process of production is relations between men; that is, their relations in the process of production. Under the capitalist method of production these relations assume the form of relations between “things,” such as commodities, markets, finances, etc. In essence these production relations are relations between social classes. In

these relations the capitalist class has long since turned into its opposite the progressive function it once performed in developing the social forces of production. The very anarchy of production that prevails today — the crises, wars and revolutionary upheavals that beset the capitalist system — point with imperative necessity to the socialist transformation of society.

But capitalism also called into existence the very force that now holds the future in its hands — the modern working class. It is today the only progressive force in society. And for the American working class, it can truly be said that its mighty force has grown in organization and cohesiveness in inverse proportion to the decline and decay of capitalism. When the artificial prosperity bubble bursts, it can be expected that the political consciousness of the workers will develop at a swift pace into mass organization as they prepare the ground for taking hold of the levers of production, rooting out the anarchy of production and establishing a society of plenty for all.

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# The High And the Mighty

by William F. Warde

## I.

The starting point for understanding politics and developing a sound policy for labor's political action in the United States today is an accurate knowledge of the real structure of American society. That society is composed of different classes, ranging from wage workers in the factories, fields and offices to stockholders of the corporations which own and operate them. Which class rules this country and how do its agents secure their domination over our economic, political and cultural life?

A recently published book\* essays to answer these questions. Imagine an eighteenth-century account of the absolute monarchy of Louis XIV of France, his statesmen and generals, his bankers and bureaucrats, his courtiers and nobility, his entertainers and mistresses, such as the Duke de Saint-Simon gave. The author of this new book, C. Wright Mills, presents an analogous portrait of the more impersonal and hypocritical but no less tyrannical regime of King Capital and his entourage in the United States today.

Mills is a professor of sociology at Columbia University. But he is a maverick on the academic ranges where the herd keeps close to the capitalist corral. He is a shrewd observer, honest reporter and scornful critic of monopoly capitalism in the tradition set by Gus-

tavus Myers, author of *The Great American Fortunes*; Thorstein Veblen, author of *The Theory of the Leisure Class*; and the Ferdinand Lundberg of the 1930's who wrote *America's 60 Families*. This school of left liberal sociologists exposed the pretensions of the plutocrats and told many truths about them, from the shady formation of their fortunes to the shoddy imitative fabric of their culture.

This is the third in his panel of studies of the most significant social strata in this country. In *The New Men of Power* Mills anatomized the union officialdom; in *White Collar*, the urban middle-class elements. Now his lens and scalpel is turned upon the people who command the heights of American life. He gives a close-up view of the principal traits, private and public postures, and modes of functioning of our master class. He exposes the realities behind the masks fabricated by the public relations experts and the press. A streamlined Veblen, he uses irony to pierce the hides of the sacred cows of our own caste system from the Brass Hats to the button-pressing corporation moguls. This is descriptive sociology at its best.

## 2.

Mills first sets out to demolish the fiction that there are no classes in American society. He views the population as divided into three strata, not in strict accordance with their property relations and economic functions, but according to the measure of power

they actually possess. These are the power elite; the middle levels; and the mass.

He then proceeds to demonstrate that the proclaimed equality of American democracy is a fraud and that the various segments of the people exist and operate on extremely different levels. As the colonial wit observed:

"Men are born both free and equal

But differ greatly in the sequel."

There is a colossal, almost unbridgeable gap between the bulk of the population at the bottom and the rulers on top in possession, enjoyment and exercise of wealth, power, freedom and the good things of life.

Ordinary Americans are powerless to determine the decisions that most vitally shape their lives. They are not consulted beforehand and often do not even know what these decisions are until they are struck by their consequences. The major decisions are made for them by people in pivotal positions who have centralized the means of information and the policy-making powers in their hands. Consequently "the men and women of the mass society. . . feel that they are without purpose in an epoch in which they are without power."

The power elite, on the other hand, are "in positions to make decisions having major consequences. . . Their failure to act, their failure to make decisions, is itself an act that is often of greater consequence than the decisions they do make. For they are in command of the major hierarchies and organizations of modern society. They rule the big corporations. They run the machinery of the state and claim its prerogatives. They direct the military establishment. They occupy the strategic command posts of the social structure, in which are now centered the effective means of the

\* *The Power Elite*, by C. Wright Mills. Oxford University Press, N. Y. 1956. 423 pp. \$6.

power and the wealth and the celebrity which they enjoy."

The government; the armed forces and the corporations are the major institutional hierarchies. These are more important than any other institutions. "Families and churches and schools adapt to modern life; government and armies and corporations shape them, and, as they do so they turn these lesser institutions into means for their ends."

In a passage as searing in its truth as in its irony, Mills observes:

"The life-fate of the modern individual depends not only upon the family into which he was born or which he enters by marriage, but increasingly upon the corporation in which he spends the most alert hours of his best years; not only upon the school where he is educated as a child and adolescent, but also upon the state which touches him throughout his life; not only upon the church in which on occasion he hears the word of God, but also upon the army in which he is disciplined.

"If the centralized state could not rely upon the inculcation of nationalist loyalties in public and private schools, its leaders would promptly seek to modify the decentralized educational system. If the bankruptcy rate among the top five hundred corporations were as high as the general divorce rate among the thirty-seven million married couples, there would be economic catastrophe on an international scale. If members of armies gave to them no more of their lives than do believers to the churches to which they belong, there would be a military crisis."

These three institutions have become so swollen and centralized that they overshadow and overwhelm all other departments of American life.

"The economy — once a great scatter of small productive units in autonomous balance — has become dominated by two or three hundred giant corporations, administratively and politically interrelated, which together hold the keys to economic decisions.

"The political order, once a decentralized set of several dozen states with a weak spinal cord, has become a centralized, executive establishment which has taken up into itself many powers previously scattered, and now enters into each and every cranny of the social structure.

"The military order, once a slim establishment in a context of distrust fed by state militia, has become the largest and most expensive feature of government, and, although well versed in smiling public relations, now has all the grim clumsy efficiency of a sprawling bureaucratic domain."

The leading men in each of these three domains, the corporation chieftains, warlords and political directors, form the power elite. This interlocking directorate "share decisions having at least national consequences," and often determining world development. The scope and effects of their operations make their power qualitatively superior to the power of those lower in the social scale.

"The owner of a roadside fruit stand does not have as much power in any area of social or economic or political decision as the head of a multi-million-dollar fruit corporation; no lieutenant on the line is as powerful as the Chief of Staff in the Pentagon; no deputy sheriff carries as much authority as the President of the United States."

The heads of these institutions fuse with the very rich to constitute the inner circle of the upper crust which has acquired the consciousness, customs, connections and assurance of a ruling order. Although smaller cities have hierarchies of their own, these are petty, provincial and subordinated to the big national institutions—the giant corporations, the federal government and the military—even more than a small local union is subordinated to its international. The big shots in the little cities look to the commanders in the urban centers for leadership. In passing, Mills gives a graphic description of the realities of small-town snobbery as well as of the breeding grounds of the elite in the upper reaches of metropolitan high life.

He establishes the fact that the very rich did not get that way by savings from their salaries or even by scrambling up the ladder of corporation success. In the main they have inherited their wealth and along with it their power, prestige and the other at-

tributes of aristocracy. The very rich of 1950 are largely the descendants of the very rich of 1900. These acquired their fortunes thanks to the right of private property, by corporate manipulations, by favorable tax legislation, through compliant political authorities, the exploitation of other people's inventions, "outright gifts out of the people's domain," and war profiteering. "The very rich have used existing laws, they have circumvented and violated existing laws, and they have had laws created and enforced for their direct benefit."

Their immense revenues are derived from their ownership of the giant corporations. They are closely tied up in a thousand ways with the chief executives of the monopolies. The corporate rich alone are really free, or at least enjoy incomparably more freedom of action and of inaction than anyone else. Their wealth affords them unrestricted command over the labor of society and its products and liberates them from the grim material necessities of the lower classes. "Money provides power and power provides freedom."

Mills points out that the plutocracy, the corporation executives, the military and political leaders, are in the main drawn from the Protestant, urban, white and native-born sections of the population.

### 3.

The new note in this up-to-date study, compared to previous portraits of America's ruling class, is the ascendancy of the military. This is the most ominous aspect of the new phase in the degradation of American democracy resulting from the predominance of monopoly capitalism and its imperialist policies. The American Republic, born as a staunchly anti-militarist nation, has become transformed into the opposite since World War II. Professional army men, once regarded as potential oppressors and parasites,

have now become the most exalted of untouchables. The Pentagon is their headquarters and monument; the occupation of the White House, their principal domestic conquest to date.

The military and political representatives of monopoly capitalism have no outlook other than maintaining the nation on a permanent war footing. They have saddled the country with a permanent and ever-growing military establishment which already dominates the economy through its expenditures, the male youth through the draft acts, as well as scientific research and development and the higher educational institutions.

Mills emphasizes that permanent militarism means permanent war as an indispensable instrument of national capitalist policy. As American politics has become more militarized, the military have become more political. As politics gets into the army, the army gets into politics on the highest level. Senator McCarthy was bridled and gagged primarily because he tried to interfere with the Army High Command. The military men not only shuttle between the capitals of the world as diplomats but increasingly staff the executive posts of key corporations and enter the highest executive offices from Secretary of State to the Presidency.

The corporate rich, the warlords and the big politicians jointly develop and administer domestic and foreign policies. The trio have been amalgamated into a single force through the present Republican "Cadillac Cabinet."

"The three top policy-making positions in the country (secretaries of state, treasury and defense) are occupied by a New York representative of the leading law firm of the country, which does international business for the Morgan and Rockefeller interests; by a mid-west corporation executive who was a director of a complex of over 30 corporations; and by the former president of one of the three or four largest corporations and the largest producer of military equipment in the United States."

Mills observes: "The military capitalism of private corporations exists in a weakened and formal democratic system containing a military order already quite political in outlook and demeanor." It would be hard to improve on this definition.

Mills does not give much comfort to those who see any fundamental differences between the Republican and Democratic Parties. He says: "During the New Deal, the corporate chieftains joined the political directorate; as of World War II, they have come to dominate it."

"More and more of the fundamental issues never come to any point of decision before the Congress or before its more powerful committees, much less before the electorate in campaigns." Most basic decisions are made by a small, uncontrollable group centered around the Chief Executive.

Mills scornfully dismisses the notion that there is any "balance of powers" among the different sections of the population as a whole. Decisive power on decisive issues is concentrated exclusively in the top circles centralized around the Chief Executive. He says that a small amount of power is scattered around among middle-class elements while the masses are deprived of any power whatsoever.

Mills paints a sad but faithful picture of the decadence of liberalism:

"Postwar liberalism has been organizationally impoverished: the prewar years of liberalism-in-power devitalized independent liberal groups, drying up the grass roots, making older leaders dependent upon the federal center and not training new leaders round the country. The New Deal left no liberal organization to carry on any liberal program; rather than a new party, its instrument was a loose coalition inside an old one, which quickly fell apart so far as liberal ideas are concerned. Moreover, the New Deal used up the heritage of liberal ideas, made them banal as it put them into law; turned liberalism into a set of administrative routines to defend rather than a program to fight for.

"In their moral fright, postwar liberals have not defended any left or even any militantly liberal position; their defensive posture has, first of all, led them to celebrate the 'civil liberties,' in contrast with their absence from Soviet Russia. In fact, many have been so busy defending civil liberties that they have had neither the time nor the inclination to use them. 'In the old days,' Archibald MacLeish remarked at the end of the 'forties, freedom was 'something you used. . . [It] has now become something you save — something you put away and protect like your other possessions — like a deed or a bond in a bank.'"

If liberalism has collapsed as an influential force, the intellectuals as a whole have surrendered their roles as independent opinion-molders and enlighteners of the people. The field has been left free for the unchallenged supremacy of the monopolist advocates of "The American Century."

Mills does not have any higher appraisal of the qualifications and objectives of the union officialdom. The leaders of labor are today "well below the top councils; they are of the middle levels of power." But they are striving for higher stakes among the "national power elite." In pursuing "the strategy of maximum adaptation," they encounter obstacles both from above and from below. "They feel a tension between their public: their union members — before whom it is politically dangerous to be too big a 'big-shot' or too closely associated with inherited enemies — and their newly found companions and routines of life." As a result, the labor leaders occupy uneasy positions between their business associates and the union ranks.

Mills ends his survey of the power elite with this indictment. The current monopolizers of power have no responsibility to the people or to anyone else. Within the existing setup they are uncontrolled and uncontrollable and they profit from this state of irresponsibility. The possessors of power are split from and opposed to the possessors of knowledge. He terms their irre-

sponsibility the "higher immorality." "Commanders of power, unequalled in human history, they have succeeded within the American system of organized irresponsibility."

#### 4.

Lenin wrote his classic analysis of imperialism in 1916, basing it on materials provided by the Englishman Hobson and the German Hilferding. In the 40 years since then colossal changes have affected imperialism as a world system and especially the position of the U.S. within it. The imperialist system, which was then at its peak, is crumbling before our eyes and, instead of a network of comparatively equal competitive states, it has become centralized in the American colossus whose power is its main support.

Equally important modifications have been introduced into the internal organization of U.S. monopoly capitalism. The Mills study is valuable in its analysis of some of the most significant of these changes in the political, social psychological and cultural superstructure of American imperialism.

It is plain that American monopoly capitalism has passed into a higher stage of its development. In place of the more or less automatic operation of capitalism, the federal government and its military component has today become the principal prop of the economy and the national prosperity. Whole industries, such as aircraft, directly depend upon the federal expenditures made possible by heavy taxation. As the monopolists have become more dependent upon the state power, the government has become more openly dependent upon them.

"The invisible government" that the progressives of yesteryear sought to disclose, has become not only visible but insolent. The monopolists hold the reins of government tightly in their hands. The ripe fruits of capitalist evolution, as Mills describes them,

are vast inequalities of wealth and power, plutocracy in place of democracy, and a frightfully expensive and expanding militarism.

In other countries a militarized state monopoly capitalism has taken on fascist or openly dictatorial forms — but not yet here. Thanks to the historical privileges of the U.S., its immense wealth and the under-development of class conflicts, American capitalists have not been compelled to discard the old democratic forms, even though they have curtailed them. But the danger of extreme reaction, as evidenced in the shapes of McCarthyism and militarism, remain lodged in the inner structure and inescapable tendencies of the system.

Mills exhibits both the strong and the weak points of his school of sociology, which owes more to the German writers Mannheim and Weber than to Marxism. He excels in the generalized description of the outstanding traits of social groupings. He often stumbles and falls down, however, in dealing with the fundamental nature and relations of the class forces in our society. For example, he takes exception to two fundamental propositions of historical materialism. He claims that "the American government is not . . . a committee of the ruling class," and refuses to acknowledge that there is any single ruling class in this country. These are oversimplified Marxist theses, he says.

His contention that the American government is not a committee of the ruling class is based upon his special conception of the power elite. Which of the three sides of the triangle composed of the corporate rich, the warlords and the politicians, is predominant and which subordinate? Which is the master and which the servants?

It is instructive to note that Mills, who is so scrupulous about defining inequalities in other segments of the social structure, places all three of these forces on an equivalent level. He does so on

the ground that each of them exercises a portion of power. But surely that does not dispose of the basic issue. In whose interests do they wield their power? The facts which he himself amasses demonstrate that the military and the politicians, while advancing their own careers, act primarily in promoting the interests of the billionaires.

This can easily be seen in the case of such a popular Culture Hero and sycophant of the rich as Arthur Godfrey. But it is equally demonstrable in the career of such a capitalist politician as Henry Wallace. The prospective Presidential candidate of 1944 was pitched out of the Democratic cabinet and humbled in 1946 because he hesitated at that time to go along with the Cold War policies projected by the postwar needs of imperialism. Even so powerful a general as MacArthur was brought to heel in 1951 when he tried to resist and divert the main line of monopolist foreign policy. Both the politicians and the Brass Hats function as executors of policies whose contents are essentially dictated by the national and international objectives of the ruling rich.

In the same spirit, Mills substitutes the term "power elite" for ruling class, because, he says, ruling class is "a badly loaded phrase." This substitution is more polite. But is it more accurate and scientific? "Ruling class" is a combined concept: class is an economic category, rule a political one. Mills says he prefers "power elite" because it is exclusively political in connotation. This sounds eminently plain and simple, but the situation is not so simple as he makes out.

It is true that "ruling class" contains in a single concept references to both economic relations and political functions. Is this justified by the facts? Mills himself admits that in many cases, and even in this one, the economically predominant class is likewise politically predominant. In fact, this is the rule in the history of

class society. But, he objects, there are exceptions to this rule. It has occasionally happened that the economically superior class is not politically sovereign, and vice versa. This is so. But in all such exceptional cases there remain two further questions to be answered: (1) which class is decisive in determining basic state policies, and (2) which class serves which?

The American monopolists are not only economically but, as he abundantly proves, also politically sovereign. They are not like the Japanese and German capitalists who were politically subordinated to feudalized landowners and militarists. The American military and political leaders have only a relative autonomy and are strictly dependent upon the plutocracy. What, therefore, prevents Mills from designating the monopolists as the "ruling class"?

There appear to be two reasons. One is his reluctance to be too closely identified with Marxism. The other is inherent in his own theoretical method and outlook. He views the distribution of power as systematically disorganized and the power elite as fundamentally "irresponsible." This is one-sided. The superficial disorganization of American politics is contrived and used to assure the supremacy of monopolists. And while it is true that the power elite have no responsibility toward the people, this is only the outer side of their loyalty and subservience to the real masters of America. The warlords and the politicians are fully responsible when it comes to safeguarding the welfare of the wealthy.

By thus prying the upper stories of the political superstructure loose from their economic foundation, Mills opens the possibility of a liberal-labor capitalist regime to enforce policies contrary to the economic interests of the monopolists. He laments the absence of an enlightened and independent Civil Service, as though such a bureaucracy would not be as subordinate to the ruling rich as the other institutions of government. He explicitly says that the leaders

of capitalist society need not be historically and socially determined in their major actions.

## 5.

Mills demonstrates that the sovereignty of the people is a mockery in the United States. How, then, is the promise of democracy to be made a reality? Reformists aim to make the power elite "responsible" to the people; the revolutionary forces seek to dislodge the plutocratic triumvirate and replace it by a government power responsible to the masses. That requires not only fundamental changes in the political setup but also the nationalization of the productive apparatus.

In this book Mills does not offer any political prescriptions, although they are implicit in much of what he says. It will obviously take a very formidable counterpower to discipline, let alone dislodge, the coalition of plutocrats, warlords and professional politicians. In this country such a power can be found in only one place: in the ranks of organized labor.

Organized labor is already objectively counterposed to Big Business on the industrial field. Mills points out: "The concentration of corporation power and the informal coordination of the business world—with and without interlocking directorships—has become such that the Department of Labor estimates that only some 147 employers really bargain out their wage terms with their labor forces. These bargains set the pattern of wage contracts; thousands of other employers may go through the motions of bargaining, but the odds are high that they will end up according to the pattern set by the few giant deals." Thus a small band of monopolist employers confront the tens of millions of wage workers in negotiations over wages and working conditions.

This economic opposition is bound to break through and assert itself on the political arena. Mills is aware of this. We know

from other sources, such as the speech he delivered to a United Automobile Workers Educational Conference in 1951, that Mills urges the formation of a Labor Party as the indicated next step in American politics. The political outlook of this professor is more advanced than that of the labor leaders. His advice is well worth listening to. In any event, he has indicated the way to begin the mass political processes which can bring about the downfall of the plutocratic power elite, who, in his own words, are neither representative, virtuous, meritorious nor able; and through the establishment of a Workers and Farmers Government make democracy for the first time the governing reality of American life.

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# Early Years Of the American Communist Movement

by James P. Cannon

## Before the Sixth Congress

January 27, 1956

Dear Sir:

The period from the victory of the Lovestone faction in 1927 until the Sixth Congress of the Comintern in the summer of 1928 has been overshadowed in my mind by the new struggle I started after the Congress. Many of the details of the earlier 1928 period are blurred in my memory. I was away from the party center nearly all the time between the February and May Plenums of the party. I went on a big national tour for the International Labor Defense right after the February 1928 Plenum and returned to New York only shortly before the May Plenum. On the tour I tried to put the factional squabbles out of mind and didn't keep track of internal party developments very closely. Your questions show a much greater familiarity with the events of that time.

\* \* \*

We were aware in 1928 that the Comintern was making a left turn and that this was producing a more favorable climate for the Opposition in the American party. Just how much this influenced me at the time is hard to say now in retrospect. We were all predominantly concerned with the American struggle. I didn't begin to get a real international orientation until after the Sixth Congress of the Comintern.

It is clear now that all of Stalin's moves were strongly influ-

A student who is doing research work on the history of early American communism asked James P. Cannon, as well as other participants, a number of questions about the events and prominent figures of the pioneer movement. Cannon's answers, which began in the Summer 1954 issue of *Fourth International*, are continued here.

enced by Trotsky. Stalin's method was to smash the Opposition organizationally and then to expropriate its ideas and apply them in his own way. It was Trotsky who first saw the coming of the new period of capitalist stabilization after the big postwar revolutionary upsurge had subsided. This was shown already in his polemics against the leftists in 1921. Somewhat later the official policy of the Comintern caught up with the new reality and overdid the emphasis on the new capitalist "stabilization." This was the period of the Comintern's swing to the right — 1924-1928 — which helped the Lovestoneites so much in the American party.

Just about the time the Comintern was going overboard on this theme, Trotsky saw the contradictions in the new stabilization and the opening up of new revolutionary perspectives. His fight against the official policy on the Anglo-Russian Committee and the British General Strike reflected his thinking in that time. So also did his book *Whither England?* and his speech of February 15, 1926, on "Europe and America" (republished in *Fourth Interna-*

*tional* in the April and May issues, 1943).

Simultaneously with the expulsion of the Left Opposition, in December 1927, Stalin began to appropriate a large part of Trotsky's program on the international field as well as in Russia. This is what brought him into the conflict with Bukharin.

\* \* \*

As I have said before, this was all a mystery to me at the time. Then we only noted the indications of a left turn. It began at a time when Lovestone and Wolfe were divesting themselves of the leftist baggage they had inherited from Ruthenberg to give free play to their own political instincts, which were always decidedly conservative. The "left turn" of the Comintern caught them off guard.

The formal record could give the impression that the factional conflict in the American party in the year 1928 centered mainly around the trade-union question, with Foster and Lovestone lining up on one side and Bittleman-Cannon on the other. The documentary material may support this view, but it is not really correct. The main feature of Foster-Cannon-Bittleman relations at that time was their agreement on irreconcilable opposition to the Lovestone regime in the party and their conservative perspectives in general. The trade-union question was only one of the items in the struggle.

And even though Foster, at the May 1928 Plenum, was closer to the Lovestoneites on this one point, he was definitely with us on an over-all factional basis in the fight against the Lovestone regime. It was Foster who first approached me when I returned to New York, shortly before the May Plenum, with a proposal that we get together for a more aggressive fight against the Lovestoneites. Pepper, it appeared, had returned to this country in the spring of 1928 with a special mission to promote "uni-



ty" of the Lovestone-Foster groups. The Lovestoneites were trying hard, at the instigation of Pepper, to win over or neutralize Foster, but he was not receptive.

At the May Plenum the Lovestoneites centered their attacks on me and Bittleman and made a big play for "unity" with Foster. I remember ridiculing their sudden discovery of Foster's virtues by asking if they meant to kill him with kindness, and quoting the Latin adage: "De mortuis nil nisi bonum." The aptness of the remark was pretty well understood in the whole assembly, and Foster joined in the general laughter. The Lovestoneites wanted to make a captive of Foster, but their maneuver was fruitless. Foster was dead set against their control of the party and rejected all their overtures.

\* \* \*

Foster's approach to the trade-union question was not the same as that of Lovestone and Wolfe. The position of the latter on that, as on other national questions, was determined by their basically conservative view of American perspectives. They were sure that American capitalism was entering its "Victorian" period, and they seemed to be downright happy about it. These people simply did not believe in the perspective of revolution in this booming country.

Foster's trade-union position was differently motivated. He was the prisoner of his own fetish of "boring from within" the AFL, which had dominated his thinking since his break with the IWW in 1911. His whole career seemed to be bound up with that specific tactic, and he was tied to it by the possibly unconscious need of self-justification.

I had never fully agreed with Foster on the trade-union question. I had started out in the IWW and I never disavowed my work in that field. I had come to recognize the error in the IWW attempt to build brand-new revolutionary unions all up and down the line. But in my own thinking

I never went to the extreme AFL-ism that Foster did.

At the 1920 Convention of the United Communist Party, where an anti-AFL position was adopted, I had spoken for a more flexible policy of working within the existing AFL unions and of supporting independent unions in fields neglected by the AFL. The Convention report of the speech of "Dawson" refers to me. (*The Communist*, official organ of the United Communist Party, Vol. I, No. 1, June 12, 1920, page 4.)

In the exigencies of the faction fight that began in 1923 there was no special occasion, and it was not appropriate, for this difference of emphasis to show itself openly in the party. But as early as the 1926 Plenum, both Dunne and I differed with the Fosterites on the Passaic campaign. Dunne's support of Losovsky at the Fourth Congress of the RILU was the natural expression of our real sentiment about the necessity of building independent unions in fields neglected or sabotaged by the AFL. That could be considered a real difference between us and Foster; but we considered it then as a difference of emphasis, and it was overshadowed all the time, even at the May 1928 Plenum, by our general agreement in opposition to the Lovestone regime and its conservative outlook in general.

\* \* \*

Bittleman's role in these new developments was a special one. Bittleman was never a "Fosterite" any more than I was. He was first, last and all the time a Moscow man, and the line from Moscow was law for him. He had the advantage of reading Russian and that put him one jump ahead of the others whenever new winds began to blow in Moscow. Moreover, inside the party Bittleman always had his own personal subfaction in the Jewish Federation. It was always necessary to deal with him not merely as an individual but as the representative of a factional following.

The final decision made by the

party — after our expulsion in October 1928 — to go all out for a policy of independent unionism, and to transform the TUEL into a new trade-union center under the name of the Trade Union Unity League, was swallowed by Foster, but it must have been a bitter pill for him. It constituted, in effect, a repudiation of his whole course since his break with the IWW.

When Zack was expelled from the CP and came over to us for a while, in the fall of 1934, he told me that he had been to see Foster shortly before that. He found him very ill, helpless and discouraged. Zack said that Foster had enjoined him not to take any steps that would give Browder the pretext to expel him from the party. In connection with that, he told Zack that he had never believed in the program of the TUUL but felt that he had to go along with it to prevent his own expulsion.

\* \* \*

I doubt that Foster's failure to attend the Fourth Congress of the Profintern in the winter of 1928 had any special significance. He was deeply preoccupied with the miners' campaign at that time and was in the field constantly. I don't recall any special discussion between me and Dunne before his departure for this Profintern Congress. My memory about the whole thing is rather hazy — perhaps because I was on tour all that time. I think there is no doubt, however, that the initiative for the sharp turn came from Losovsky and not from us. But it was very easy for us to go along with it, because it was becoming more and more obvious to us that the organization of the unorganized required more emphasis on independent unions in certain fields.

My trade-union article in the July 1926 *Communist* was published at my own insistence. I felt rather strongly about the question and wanted to make my position clear. It was considered somewhat "irregular" already then to have conflicting views appear in the

(Continued on page 34)

# Stalin

## As a Theoretician

by Leon Trotsky

### Ground Rent, or— Stalin Deepens Marx and Engels

**I**N THE beginning of his struggle against the “General Secretary,” Bukharin declared in some connection that Stalin’s chief ambition was to compel recognition of himself as a “theoretician.” Bukharin knows Stalin well enough, on the one hand, and the ABC of Communism, on the other, to understand the whole tragedy of this pretension. It was in the role of theoretician that Stalin spoke at the conference of Marxist agronomists. Among other things, *ground rent* did not come out unscathed.

Only recently (1925) Stalin was occupied with strengthening the peasant holdings for scores of years—that is, the actual and juridical liquidation of nationalization of the land. The People’s Commissar of Agriculture of Georgia—not without Stalin’s knowledge, of course—at that time introduced a legislative project for direct abolition of land nationalization. The Russian Commissariat of Agriculture was working in the same spirit. The Opposition sounded the alarm. In its platform it wrote: “The party must give a crushing rebuff to all tendencies directed toward abolishing or undermining the nationalization of the land, one of the pillars of the dictatorship of the proletariat.” Just as in 1922 Stalin had to give up his assault on the monopoly of foreign trade, so in 1926 he had to give up his assault on the nationalization of

the land, declaring that “he was misunderstood.”

After the proclamation of the Left course, Stalin not only became a defender of land nationalization but immediately accused the

This concludes Trotsky’s presentation, begun in our last issue, of Stalin as a Theoretician. The parts printed here, in a newly revised translation, first appeared in English in *The Militant* of November 15 and December 1, 1930. The entire article was first published in Russian in the *Bulletin of the Left Opposition*, No. 14, August 1930.

Opposition of not understanding the significance of the whole institution. Yesterday’s negativism toward nationalization was suddenly transformed into a fetishism. Marx’s theory of ground rent acquired a new administrative task: to justify Stalin’s complete collectivization.

A brief reference to theory is needed here. In his unfinished analysis of ground rent, Marx divided it into *absolute* and *differential*. Since the same human labor applied to different pieces of land yields different results, the surplus yield of the more fertile piece will naturally be appropriated by the owner of that piece. This is *differential* rent. But no owner will make a free gift of even the poorest parcel of land to a tenant so long as there is a demand for it. In other words, from private ownership of land necessarily flows a

certain minimum of ground rent, independent of the quality of the piece of land. This is what is called *absolute* rent. Thus the real amount of ground rent reduces itself theoretically to the sum of the absolute rent and the differential rent.

In accordance with this theory, liquidation of private ownership of land leads to the liquidation of absolute ground rent. Only that rent remains which is determined by the quality of the soil itself, or more correctly, by the application of human labor to pieces of land of varying quality. It is unnecessary to explain that differential rent is not some sort of fixed property of the pieces of land, but changes with the methods of cultivation. These brief reminders are needed in order to reveal the whole sordidness of Stalin’s excursion into the theoretical realm of land nationalization.

Stalin begins by correcting and deepening Engels. This is not the first time with him. In 1926 Stalin explained to us that to Engels as well as to Marx the ABC law of the unequal development of capitalism was unknown, and precisely because of this they both rejected the theory of socialism in one country which, in opposition to them, was defended by Vollmar, the theoretical forefather of Stalin.

At first glance it may seem that Stalin is somewhat more guarded in approaching the question of land nationalization, or more precisely, the insufficient understanding of this problem by the old man Engels. But in essence his approach is just as loose. He quotes from Engels’ work on the peasant question the famous phrase that we will in no way violate the will of the small peasant; on the contrary, we will in every way help him “in order to facilitate his transition into associations,” that is, to collective agriculture. “We will try to give him as much time as possible to reflect on it on his

own plot of land." These excellent words, known to every literate Marxist, give a clear and simple formula for the relation of the proletarian dictatorship to the peasantry.

### Stalin "Explains"

Confronted with the necessity of justifying complete collectivization on a frenzied scale, Stalin underlines the exceptional, even "at first glance exaggerated," caution of Engels with regard to leading the small peasants over on to the road of socialist agriculture. What guided Engels in his "exaggerated" caution? Stalin replies thus: "It is evident that his point of departure was the existence of private ownership of land, the fact that the peasant has 'his own plot of land' from which he will not easily break his ties. . . Such is the peasantry in *capitalist countries*, where private ownership in land exists. Understandably, *here* (?) great caution is needed. But can it be said that we in the USSR have such a situation? No, it cannot be said. It cannot, because we have no private ownership of land tying the peasant to his individual economy."

Such are Stalin's reasonings. Can it be said that in these reasonings there is even a grain of sense? No, it cannot be said. Engels, it appears, had to be "cautious" because in the *bourgeois* countries private ownership of land exists. But Stalin needs no caution because in the USSR we have established nationalization of the land. But did private ownership of land, along with the more archaic communal ownership also exist in bourgeois Russia? We did not find nationalization of the land ready-made; we established it after the conquest of power. And Engels is speaking about the policy the proletarian party will adopt precisely *after* the conquest of power. What sense is there to Stalin's condescending explanation of Engels' indecision: The old man, you see, was obliged to act in bourgeois countries where private ownership of land exists, while we hit on the idea of abolishing private ownership. But Engels

recommends caution precisely *after* the conquest of power by the proletariat, consequently, after the abolition of private ownership of the means of production.

By counterposing the Soviet peasant policy to Engels' advice, Stalin confuses the question in the most ridiculous manner. Engels promised to give the small peasant time to reflect, on his own plot of land, before he decides to enter the collective. In this transitional period of the peasant's "reflections," the workers state, according to Engels, must guard the small peasant against the usurers, the grain merchants, etc., that is, must limit the exploiting tendencies of the Kulak. Soviet policy in relation to the main, that is, the non-exploiting mass of the peasantry, had precisely this dual character in spite of all its vacillations. The collectivization movement is today — in the thirteenth year after the conquest of power — actually only in its initial stages, despite all the statistical hubbub to the contrary. To the overwhelming mass of the peasants the dictatorship of the proletariat has thus given twelve years for reflection. Engels hardly had in mind such a long period, and such a long period will hardly be needed in the advanced countries of the West where, with the high development of industry, it will be incomparably easier for the proletariat to show the peasants *in action* all the advantages of collective agriculture. If it is not until twelve years after the proletariat's conquest of power that we in the Soviet Union are undertaking a broad movement toward collectivization — a movement as yet very primitive in content and very unstable — this can be explained only by our poverty and backwardness, despite the fact that the land has been nationalized, something that presumably did not occur to Engels and which presumably the Western proletariat will be unable to carry out after the conquest of power. This counterposing of Russia to the West, and of Stalin to Engels, reeks with the idealization of national backwardness.

But Stalin does not stop at this: he immediately supplements economic incoherence with theoretical. "Why," he asks his unfortunate auditors, "do we succeed so easily (!) in demonstrating, under the condition of nationalized land, the superiority (of collectives) over the small peasant economies? This is where the tremendous revolutionary significance of the Soviet agrarian laws lies, which did away with absolute rent. . . and established nationalization of land." And Stalin self-contentedly, and at the same time reproachfully, asks: "Why is not this new (!?) argument utilized sufficiently by our agrarian theoreticians in their struggle against all the bourgeois theories?" And here Stalin makes reference — the Marxist agronomists are recommended not to exchange glances, not to blow their noses in confusion, and what is more, not to hide their heads under the table — to the third volume of *Capital* and to Marx's theory of ground rent. Oh grief and sorrow! To what heights this theoretician climbed before. . . splashing into the puddle with his "new argument."

According to Stalin, the Western peasant is tied to the land by nothing else than "absolute rent." And since we "did away with" that viper, then by this token disappeared the enslaving "power of the land" over the peasant, so gripingly depicted by Gleb Ouspensky in Russia and by Balzac and Zola in France.

First of all, let us establish that *in the USSR absolute rent was not done away with but was state-ized, which is not one and the same thing*. Newmark valued the national wealth of Russia in 1914 at 140,000,000,000 gold rubles, including in the first place the price of all the land, that is, the capitalized rent of the whole country. If we should want to establish *now* the specific weight of the national wealth of the Soviet Union within the wealth of humanity, we would of course have to include the capitalized rent, absolute as well as differential.

All economic criteria, absolute rent included, reduce themselves to human labor. Under the conditions of a market economy, ground rent is determined by the quantity of products that the owner of the land can extract from the products of the labor applied to it. The owner of the land in the USSR is the state. By that, it is the bearer of the ground rent. As to the actual liquidation of absolute rent, we will be able to speak of that only after the socialization of the land all over the planet, that is, after the victory of the world revolution. But within national limits, if one may say so without insulting Stalin, not only socialism cannot be constructed, but even absolute rent cannot be done away with.

### The USSR as Land Owner

This interesting theoretical question has practical significance. Ground rent finds its expression on the world market in the price of agricultural products. Insofar as the Soviet government is an exporter of the latter—and with the intensification of agriculture grain exports will increase greatly—to that extent the Soviet state, armed with the monopoly of foreign trade, appears on the world market as owner of the land whose products it exports; thus in the price of these products the Soviet state realizes the ground rent concentrated in its hands. If the technique of our agriculture as well as our foreign trade, were not inferior to that of the capitalist countries but on the same level, then precisely with us in the USSR absolute rent would appear in its clearest and most concentrated form. When in the future such a stage is reached, that moment will acquire the greatest significance for the planned direction of agriculture and export. If Stalin now brags of our “*doing away with*” absolute rent, instead of *realizing* it on the world market, then a temporary right to such bragging is given him by the present weakness of our agricultural export and the irrational character of our foreign trade, in which not only

absolute ground rent is sunk without a trace but many other things as well. This side of the matter, which has no direct relation to the collectivization of peasant economy, nevertheless gives us one more example of that idealization of economic isolation and economic backwardness which is one of the basic features of our national-socialist philosopher.

Let us return to the question of collectivization. According to Stalin, the small Western peasant is tied to his parcel of land by the chain of absolute rent. Every peasant's hen will laugh at his “new argument.” Absolute rent is a purely capitalist category. Parcelized peasant economy can partake of absolute rent only under episodic circumstances of an exceptionally favorable market conjuncture, as existed, for instance, at the beginning of the war. The economic dictatorship of finance capital over the atomized village is expressed on the market in unequal exchange. In general, the peasantry the world over does not escape the “scissors” regime. In the prices of grain and agricultural products in general, the overwhelming mass of small peasants does not realize a wage, let alone rent.

But if absolute rent, which Stalin so triumphantly “did away with,” says decidedly nothing to the mind or heart of the small peasant, differential rent, which Stalin so generously spared, has a great significance precisely for the Western peasant. The tenant farmer hangs on to his parcel all the more strongly, the more he and his father spent strength and means to raise its fertility. This applies, by the way, not only to the West but also to the East, for example to China with its regions of intensive cultivation. Thus certain elements of the conservatism of small ownership exist as a consequence not of the abstract category of absolute rent, but of the material conditions of the more intensive cultivation in a parcelized economy. If the Russian peasants break their ties to a given

plot of land with comparative ease, it is not at all because Stalin's “new argument” liberated them from absolute rent, but for the very reason for which, prior to the October revolution, periodic redivisions of the land took place in Russia. Our Narodniki idealized these redivisions as such. But they were only possible because of our non-intensive economy, the three-field system, the miserable working of the soil—that is, once again, because of the backwardness idealized by Stalin.

Will it be more difficult for the victorious proletariat of the West than it is for us, to eliminate the peasant conservatism that flows from the more intensive cultivation in a small-ownership economy? By no means. For in the West, because of the incomparably higher state of industry and culture in general, the proletarian state will be able far more easily to give the peasant in transition to collective labor an evident and genuine compensation for his loss of the “differential rent” on his parcel of land. There can be no doubt that twelve years after the conquest of power the collectivization of agriculture in Germany, England or America will be immeasurably higher and firmer than ours today.

Is it not strange that his “new argument” in favor of complete collectivization was discovered by Stalin twelve years after nationalization had taken place? Why then did he in 1923-1928, in spite of the existence of nationalization, so stubbornly bank upon the powerful individual commodity producer and not upon the collectives? It is clear: nationalization of the land is a necessary, but altogether insufficient, condition for socialist agriculture. From the narrow economic point of view, that is, the point of view Stalin takes on the question, nationalization of the land is precisely of third-rate significance, because the cost of equipment necessary for rational, large-scale economy exceeds by many times the absolute rent.

Needless to say that nationaliza-

tion of the land is a highly important, an indispensable, political and juridical pre-condition for the socialist transformation of agriculture. But the *direct* economic significance of nationalization at any given moment is determined by the action of factors of a material-productive character. This is revealed with adequate clarity in the question of the peasant's balance of the October revolution. The state, as owner of the land, concentrated in its hands the right to ground rent. Does it realize this ground rent from the present market in the prices of grain, lumber, etc.? Unfortunately, not yet. Does it realize it from the peasant? With the multiplicity of economic accounts between the state and the peasant, it is very difficult to answer this question. It can be said—and this will by no means be a paradox—that the “scissors” of agricultural and industrial prices contain the ground rent in a concealed form. With the concentration of land, industry and transport in the hands of the state, the question of ground rent has for the muzhik a bookkeeping significance, so to speak, not an economic one. But bookkeeping is one of the techniques that doesn't much concern the muzhik. He draws a wholesale balance of his relations with the city and the state.

It would be more correct to approach the same question from another side. Thanks to the nationalization of the land, factories and mills, the liquidation of the foreign debts, and the planned economy, the workers state was able in a short time to reach high rates of industrial development. This process undoubtedly creates the most important premise for collectivization. This premise, however, is not a juridical but a material-productive one; it expresses itself in a definite number of plows, binders, combines, tractors, grain elevators, agronomists, etc., etc. It is precisely from these real entities that the collectivization plan should proceed. That is when the plan will become real. But to

the real fruits of nationalization we cannot always add nationalization itself, like some sort of a reserve fund out of which all the excesses of the “complete” bureaucratic adventures can be covered. That would be the same as if someone, after depositing his capital in the bank, wanted to use both his capital and the interest on it at

the same time.

Such is the conclusion in general. But the specific, individual conclusion may be formulated more simply:

“Tomfool, Tomfool,

It were better that you  
stayed in school”

—than to leave for distant theoretical excursions.

## The Formulas of Marx And the Audacity of Ignorance

**B**ETWEEN the first and third volumes of *Capital* there is a second. Our theoretician considers it his duty to commit an administrative abuse of the second volume too. Stalin must hastily conceal from criticism the present policy of forced collectivization. But since the necessary proofs are not to be found in the material conditions of the economy, he looks for them in authoritative books, and inevitably finds himself every time on the wrong page.

The advantages of large-scale economy over small-scale—agriculture included—are demonstrated by all of capitalist experience. The potential advantages of large-scale *collective economy* over atomized small economy were made clear even before Marx by the Utopian socialists, and their arguments remain basically sound. In this sphere, the Utopians were great realists. Their Utopia began only with the question of the historical road toward collectivization. Here the correct road was pointed out by Marx's theory of the class struggle as well as his criticism of capitalist economy.

*Capital* gives an analysis and a synthesis of the processes of capitalist economy. The second volume examines the immanent mechanism of the *growth* of capitalist economy. The algebraic formulas of this volume demonstrate how from one and the same creative protoplasm—abstract human labor—are crystalized the means of production, in the form of constant capital; wages, in the form of variable capital; and surplus

value, which afterwards becomes a source for creating additional constant and variable capitals. This in turn makes possible the acquisition of greater surplus value. Such is the spiral of extended reproduction in its most general and abstract form.

In order to show how the different material elements of the economic process, commodities, find each other inside this unregulated whole, or more precisely, how constant and variable capital accomplish the necessary balance in the different branches of industry during the general growth of production, Marx divides the process of extended reproduction into two inter-dependent parts: on the one hand, enterprises producing the means of production, and on the other, enterprises producing articles of consumption. The enterprises of the first category have to supply machines, raw materials and auxiliary materials to themselves as well as to the enterprises of the second category. In turn, the enterprises of the second category have to supply articles of consumption for their own needs as well as the needs of the enterprises of the first category. Marx uncovers the general mechanism of the accomplishment of this proportionality which constitutes the basis of the dynamic balance under capitalism.\*

\* The formulas of the second volume ignore the industrial and commercial crises that are part of the mechanism of the capitalist balance. These formulas aim to show how, with or without crises and despite crises, the balance is nevertheless attained. — L. T.

The question of agriculture in its interrelation with industry is therefore on an altogether different plane. Stalin evidently simply confused the production of articles of consumption with agriculture. With Marx, however, those capitalist agricultural enterprises (and only capitalist) which produce raw materials automatically fall into the first category; enterprises producing articles of consumption are in the second category. In both cases, they fall into their category along with industrial enterprises. Insofar as agricultural production has peculiarities that oppose it to industry as a whole, the examination of these peculiarities begins only in the third volume.

Extended reproduction occurs, in reality, not only at the expense of the surplus value created by the workers in industry itself and in capitalist agriculture, but also by way of the influx of fresh means from external sources: from the pre-capitalist village, the backward countries, the colonies, etc. The acquisition of surplus value from the village and the colonies is possible, in turn, either in the form of unequal exchange, or of forced exactions (mainly taxation), or finally, in the form of credits (savings banks, loans, etc.). Historically, all these forms of exploitation combine in different proportions and play as important a role as the extraction of surplus value in its "pure" form; the deepening of capitalist exploitation always goes hand in hand with its broadening. But the formulas of Marx that concern us very carefully dissect the living process of development, separating capitalist reproduction from all pre-capitalist elements and the transitional forms which accompany and feed it and at whose expense it expands. Marx's formulas construct a chemically pure capitalism which never existed and does not exist anywhere now. Precisely because of this, they reveal the basic tendencies of every capitalism, but pre-

cisely of capitalism and only capitalism.

To anyone with an understanding of *Capital* it is obvious that neither in the first, second nor third volume can an answer be found to the question of how, when and at what tempo the proletarian dictatorship can carry through the collectivization of agriculture. None of these questions, nor scores of others as well, have been solved in any books, and by their very essence could not have been solved.\* In truth, Stalin in no way differs from the merchant who would seek in Marx's simplest formula M-C-M (money-commodity-money) for guidance as to what and when to buy and sell to make the maximum profit. Stalin simply confuses theoretical generalization with practical prescription — not to speak of the fact that Marx's theoretical generalization deals with an entirely different problem.

#### Crushing Marx's Formulas

Why then did Stalin need to bring in the formulas of extended reproduction, which he obviously does not understand? Stalin's own explanations on this are so inimitable that we must quote them literally: "The Marxist theory of reproduction teaches that contemporary (?) society cannot develop

\* In the first years after the October revolution it was necessary for us more than once to take issue with naive efforts to seek in Marx the answers to questions he could not even have posed. Lenin unflinchingly supported me in this. I cite two examples which by chance were recorded in stenograms.

"We did not doubt," said Lenin, "that, in comrade Trotsky's words, we would have to experiment — make tests. No one in the world ever undertook such a gigantic task as ours." (March 18, 1919.)

And some months later he said: "Comrade Trotsky was entirely correct when he stated that this has not been written of in the books that we consider our authoritative works; nor does it follow from any general socialist world outlook, it is not determined by any previous experience, it has to be determined by our own experience." (December 8, 1919.)

without annual accumulation, and it is impossible to accumulate except by extended reproduction year in and year out. This is clear and evident." Clearer it cannot be. But this is not a teaching of Marxist theory; it is the common property of bourgeois political economy, its quintessence. "Accumulation" as a condition for the development of "contemporary society" — this is precisely the great idea that vulgar political economy cleansed of the elements of the labor theory of value which had already been embodied in classical political economy. The theory that Stalin so bombastically proposes to "draw from the treasury of Marxism" is a commonplace, uniting not only Adam Smith and Bastiat but also the latter with the American president, Hoover. "Contemporary society" — not capitalist but "contemporary" — is used in order to extend Marx's formulas also to "contemporary" socialist society. "This is clear and evident." And Stalin continues: "Our large-scale centralized socialist industry develops according to the Marxist theory of extended reproduction (!) because (!!) it grows yearly in scope, accumulates, and advances with seven-league boots."

Industry develops according to Marxist theory — immortal formula! In just the same way as oats grow dialectically according to Hegel. To a bureaucrat, theory is an administrative formula. But this is still not the heart of the matter: "The Marxist theory of reproduction" has to do with the *capitalist* mode of production. But Stalin is speaking of Soviet industry, which he considers socialist *without reservations*. Thus Stalin is saying that "socialist industry" develops according to the theory of *capitalist* reproduction. We see how incautiously Stalin slipped his hand into the "treasury of Marxism." If a theory of reproduction constructed on the laws of anarchic production, covers two economic processes, one anarchic and

one planned, then the planned economy, the socialist beginning, is reduced to zero. But even these are still only the blossoms — the berries are yet to come.

The finest gem drawn by Stalin from the treasury is the above-underlined little word "because": socialist industry develops according to the theory of capitalist industry "because it grows yearly in scope, accumulates, and advances with seven-league boots." Poor theory! unfortunate treasury! wretched Marx! Does this mean that Marxist theory was created especially to prove the need for yearly advances, and with seven-league boots at that? What then about the periods when capitalist industry develops "at a snail's pace"? In those cases, apparently, Marx's theory is abrogated. But all capitalist production develops in cycles of boom and crisis; this means that it not only advances with seven-league or any other boots, but it also marks time and retreats. It seems that Marx's concept is useless in regard to *capitalist* development, for the understanding of which it was created, but that it gives full answer on the nature of the "seven-league" advances of *socialist* industry. Aren't these miracles? Not limiting himself to enlightening Engels on land nationalization, but at the same time busying himself with a basic correction of Marx, Stalin at any rate marches. . . with seven-league boots. And the formulas of *Capital* are crushed like nuts under his heavy feet.

### **But the Village Doesn't Follow Marx!**

But why did Stalin need all this? the puzzled reader will ask. Alas! we cannot jump over stages, especially when we can hardly keep up with our theoretician. A little patience and all will be revealed.

Immediately after the passage just dealt with Stalin continues: "But our large-scale industry does not exhaust the national economy. On the contrary, in our national economy small peasant economy

still predominates. Can it be said that our small peasant economy develops according to the principle (!) of extended reproduction? No, it cannot be said. Our small peasant economy. . . is not always able to realize even simple reproduction. Can our socialized industry be pushed forward at an accelerated tempo, with such an agricultural economy as a base. . . ? No, it cannot." Later comes the conclusion: complete collectivization is necessary.

This passage is even better than the preceding one. From the somnolent banality of exposition every now and then firecrackers of audacious ignorance explode. Does the agricultural economy, that is, *simple commodity* economy, develop according to the laws of *capitalist* economy? No, our theoretician replies in terror. It is clear: the village does not live according to Marx. This matter must be corrected. Stalin attempts, in his report, to reject the petty bourgeois theories on the stability of peasant economy. Meanwhile, becoming entangled in the net of Marxist formulas, he gives these theories a most generalized expression. In reality, the theory of extended reproduction, according to Marx, embraces capitalist economy *as a whole* — not only industry but agriculture as well — only in its pure form, that is, without pre-capitalist remnants. But Stalin, leaving aside for some reason artisans and handicrafts, poses the question: "Can it be said that our small peasant economy develops according to the principle (!) of extended reproduction?" "No," he replies, "it cannot be said."

In other words Stalin repeats, in a most generalized form, the assertions of the bourgeois economists that agriculture does not develop according to the "principle" of the Marxist theory of capitalist production. Wouldn't it be better, after this, to keep still? After all, the Marxist agronomists kept still listening to his shameful abuse of the teachings

of Marx. Yet the softest of answers should have sounded thus: Get off the platform immediately, and do not dare to treat with problems you know nothing about!

But we shall not follow the example of the Marxist agronomists and keep still. Ignorance armed with power is just as dangerous as insanity armed with a razor.

The formulas of the second volume of Marx do not represent guiding "principles" of socialist construction, but objective generalization of capitalist processes. These formulas, abstracted from the peculiarities of agriculture, not only do not contradict its development but fully embrace it as *capitalist* agriculture.

The only thing that can be said about agriculture in the framework of the formulas of the second volume is that these formulas presuppose the existence of a quantity of agricultural raw materials and agricultural products for consumption, sufficient to insure extended reproduction. But what should be the correlation between agriculture and industry: as in England? or as in America? Both these types conform equally to Marxist formulas. England imports articles for consumption and raw materials. America exports them. There is no contradiction here with the formulas of extended reproduction, which are in no way limited by national boundaries and are not adapted either to national capitalism or, even less, to socialism in one country.

If people should arrive at synthetic foods and synthetic forms of raw materials, agriculture would be completely negated, replaced by new branches of the chemical industry. What then would become of the formulas of extended reproduction? They would retain all their validity to the extent that capitalist forms of production and distribution remained.

The agricultural economy of bourgeois Russia, with the tremendous predominance of the peasantry, not only met the needs of growing industry, but also cre-

ated the possibility of large exports. These processes were accompanied by the strengthening of the Kulak top and the weakening of the peasant bottom, their growing proletarianization. In this manner the agricultural economy on *capitalist* foundations developed, despite all its peculiarities, within the framework of the very formulas with which Marx embraces capitalist economy as a whole — and *only* capitalist economy.

### Peasant Economy And “Socialist” Industry

Stalin wishes to arrive at the conclusion that it is impossible “to base... socialist construction on two different foundations: on the foundation of the largest-scale and unified socialist industry, and on the foundation of the most atomized and backward small commodity peasant economy.” In reality he proves the exact opposite. If the formulas of extended reproduction are applicable equally to capitalist and to socialist economy — to “contemporary society” in general — then it is absolutely incomprehensible why it is impossible to continue further development of the economy on the very same foundations of the contradictions between city and village, upon which capitalism reached an immeasurably higher level. In America the gigantic industrial trusts are developing even today side by side with an agricultural economy based on farmers. The farm economy created the basis of American industry. Our bureaucrats, by the way, with Stalin at their head, oriented themselves openly until only yesterday on American agriculture as the type, with the big farmer at the bottom, centralized industry at the top.

The ideal equivalent of exchange is the basic premise of the abstract formulas of the second volume. But the planned economy of the transition period, even though based upon the law of value, violates it at every step and fixes relationships of unequal exchange between different branches of the economy, and in the first instance be-

tween industry and agriculture. The decisive lever of compulsory accumulation and planned distribution is the *government budget*. With the further inevitable development, its role will necessarily grow. *Credit financing* regulates the interrelations between the compulsory accumulation of the budget and the market processes, insofar as the latter remain in force. Neither the budgetary financing nor the planned or semi-planned credit financing, which insure the extension of reproduction in the USSR, can in any way be embraced within the formulas of the second volume. For the whole force of these formulas lies in the fact that they disregard budgets and plans and tariffs and, in general, all forms of governmentally-planned intervention, and that they bring out the necessary lawfulness in the play of the blind forces of the market, disciplined by the law of value. Were the internal Soviet market “freed” and monopoly of foreign trade abolished, then the exchange between city and village would become incomparably more equalized and accumulation in the village — Kulak or farmer-capitalist accumulation, of course — would take its course, and it would soon become evident that Marx’s formulas apply also to agriculture. On that road, Russia would in a short time be transformed into a colony upon which the industrial development of other countries would lean.

In order to motivate complete collectivization, the school of Stalin (there is such a thing) has circulated crude comparisons between the rates of development in industry and in agriculture. As usual this operation is performed most grossly by Molotov. At the Moscow district conference of the party in February 1929, Molotov said: “In recent years agriculture has lagged noticeably behind industry in the rate of development. . . . During the last three years industrial production increased in value by more than 50 percent and agricultural production by only some seven percent.”

To counterpose these rates of development is to show illiteracy in economics. What is called peasant economy includes in essence all branches of the economy. The development of industry has always, and in all countries, taken place at the cost of a reduced specific weight of the agricultural economy. It is sufficient to recall that metallurgical production in the United States is almost equal to the production of the farm economy, while in the USSR it is one-eighteenth of agricultural production. This shows that despite the high rates of development of the last years our industry has not yet emerged from infancy. To overcome the contradictions between city and village created by bourgeois development, Soviet industry must first surpass the village to a far higher degree than bourgeois Russia ever did.

The present rupture between agriculture and the state industry came about not because industry advanced too far ahead of the agricultural economy — the vanguard position of industry is a world historical fact and a necessary condition for progress — but because our industry is too weak, that is, has advanced too little to be able to raise agriculture to the necessary level. The aim, of course, is to eliminate the contradictions between city and village. But the roads and methods of this elimination have nothing in common with equalizing the rates of growth of agriculture and of industry. The mechanization of agriculture and the industrialization of a whole number of its branches will be accompanied, on the contrary, by a reduction in the specific weight of agriculture as such. The rate at which we can accomplish this mechanization is determined by the productive power of our industry. What is decisive for collectivization is not the fact that the percentage figures for metallurgy rose by a few score in the last years, but the fact that the metal available per capita is negligible. The growth of collectivization would be equivalent to the



growth of the agricultural economy itself only insofar as the former is based on a technical revolution in agricultural production. But the tempo of such a revolution is limited by the present specific weight of industry. The tempo of collectivization has to be coordinated with the material resources—not with the abstract statistical tempos—of industry.

In the interest of theoretical clarity, it should be added to what we have already said, that the elimination of the contradictions between city and village, that is, the raising of agricultural production to a scientific-industrial level, will mean not the triumph of Marx's formulas in agriculture, as Stalin imagines, but on the contrary, the end of their triumph also in industry; for socialist-extended reproduction will take place not at all according to the formulas of *Capital*, the mainspring of which is the pursuit of profits. But all this is too complicated for Stalin and Molotov.

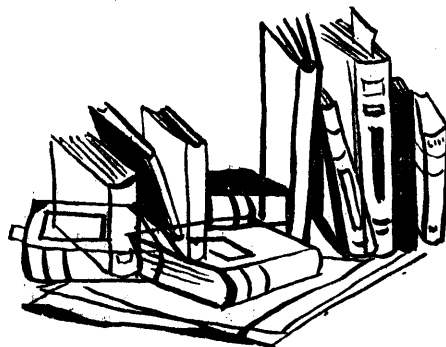
In conclusion, let us repeat that collectivization is a practical task of eliminating capitalism, not a theoretical task of its extension. That is why Marx's formulas do not apply here in any way. The practical possibilities of collectivization are determined by the productive-technical resources available for large-scale agriculture, and by the degree of the peasantry's readiness to pass over from individual to collective economy. In the final analysis, this subjective readiness is determined by the very same material-productive factor: the peasant can be attracted to socialism only by the advantages of collective economy based on advanced technique. But instead of a tractor, Stalin wishes to present the peasant with the formulas of the second volume. But the peasant is honest, and he does not like to argue over what he does not understand.

*Prinkipo, Turkey*

March 1930

Winter 1957

## Books



### A Political Novel

by Shane Mage

*The Mandarins*, by Simone de Beauvoir. World Publishing Co., Cleveland and New York. 1956. 610 pp. \$6.

Ever since its publication five months ago, the American translation of Simone de Beauvoir's recent novel *The Mandarins* has held a high place on the best-seller lists. It is a moot question whether this is due to greater intellectual maturity of the American reading public or to lurid (and inaccurate) reviews of the book's "sexual sensationalism." The fact remains that *The Mandarins* is a rich, absorbing, sensitive novel. Beyond this, it is a novel of particular interest to socialists since its more important characters are all "of the Left" and because it deals with some of the most important political problems of our times.

The action of *The Mandarins* takes place in the years immediately following the Second World War. Its protagonists are a group of French intellectuals — Robert Dubreuilh, a professor of philosophy; his wife Anne, a psychiatrist; and his friend and co-worker, the novelist Henri Perron. They have all played leading roles in the Resistance movement. Henri is the editor of an important Resistance newspaper, *L'Espoir* (Hope). A circle of vigorous young men centers around them. The novel presents the break-up of this

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#### CORRECTION

In the first part of Trotsky's article on "Stalin as a Theoretician," in our Fall 1956 issue, a print-shop error made one sentence unintelligible. On page 134, the concluding sentence of the top paragraph in the second column should read: "Yes, some people 'are obviously telling lies' about chronology and common sense."

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group, the collapse of the great liberating socialist hopes which sprang up in the Resistance, and the struggle of the individual characters against their individual and collective isolation and helplessness.

*The Mandarins* is, in large part, a political novel. It must therefore be judged from two standpoints: as a novel and as a political document.

Looked at as a novel, the book is a great success and marks an enormous advance over the author's previous novels. *Le Sang des Autres* (*The Blood of Others*) and *L'Invitée* (published in the U.S. as *She Came to Stay*) are extremely interesting, but mainly because of the ideas expressed in them. Their characters never completely come alive — they seem, to a greater or lesser extent, artificially constructed in order to demonstrate the philosophy of existentialism.

In *The Mandarins*, on the other hand, the characters possess living reality. We can grasp their internal motivation through their natural thought and action processes in their given situations. The "existentialist" viewpoint is by no means absent — and the development of the female characters shows unmistakably that this is a book by the author of *The Second Sex*; but these ideas are never obtruded. Rather they are fundamentally integrated into the story and characterization. They are an organic part of the final artistic accomplishment.

The form of the book is original. Each chapter is divided into two sections, one written in the first person and told by Anne, the other in the third person, centering mainly on Henri. This structure enables the author either to present two highly independent sub-plots within a unified context (particularly in describing Anne's long trip to America and her love affair with a Chicago novelist) or to handle the same events from two different viewpoints, thus obtaining almost three-dimensional depth and realism.

Simone de Beauvoir's presentation of her characters and their situation deserves unstinting praise. Unfortunately, considerable reservations are necessary with regard to her political viewpoint.

The author's thesis is aptly summarized in her title. Her intellectuals are "Mandarins": members of a privileged caste, absorbed in their own thoughts and problems, isolated from the decisive progressive force in modern society, the proletariat. The substance of the main plot is the effort of these "Mandarins" to break out of their isolation, and their failure in this endeavor.

From start to finish they are obsessed by their relations to the Stalinists, whom they consider the only rep-

representative party of the French workers. They originally conceive themselves as independent fellow-travelers of the CP, and the Stalinists gladly tolerate them in this role. Relations become strained, however, when Robert and Henri found a political organization of their own. Even though they still will not criticize the CP openly for fear of aiding French reaction and American imperialism, the Stalinists consider them a potential rival for leadership of the workers.

The situation becomes intolerable when Henri and Robert are presented with unavoidable proof of the existence of slave labor in Russia. They break with each other when Henri insists on publishing these facts. The Stalinists respond with slanderous hostility — they damage the paper's circulation so much that Henri must give up control of it to an opportunistic businessman who can provide the necessary funds to keep it going, and who quickly converts it into a De Gaullist organ. The break between Henri and Robert, of course, destroys their League.

After a period of terrible demoralization, during which Henri and Robert become reconciled, they return to politics in the same role as they began — as Stalinist fellow-travelers. They are convinced they have no other perspective. They have completed their own self-contained circle.

This is undoubtedly a true and perceptive portrayal of a section of the French intelligentsia. But it is more than that: it is a defense and justification for their attitude. That is where its influence can be extremely harmful.

The conclusion that leaps out of *The Mandarins* is that it is impossible to establish an anti-Stalinist revolutionary party in France. Simone de Beauvoir arrives at this false conclusion because her book comprehends only a tiny facet of French life, because she herself, like her protagonists, is a "Mandarin." There are no workers and no expression of a proletarian viewpoint in this novel.

The author ignores the most important facts of French politics in the period in which her book is set. Henri and Robert reject Stalinism because of its totalitarianism and dishonesty — but they seem strangely unconscious of the treacherous reformist role played by the CP in 1945-47: there is no protest against the disarming of the Resistance, the strike-breaking, the participation in capitalist governments, the support to French imperialism in North Africa and Indochina, all of which dominated French Stalinist politics at that time.

Revolutionary anti-Stalinist currents within the French proletariat are conspicuously absent. The only reference

to the Trotskyists is the statement that they "refused to join the Resistance on the pretext that it served British imperialism." But despite the sectarian errors of the French Trotskyists in that period, the influence of their ideas far surpassed their small numbers, particularly among left-wing intellectuals.

Last, and perhaps most important, Simone de Beauvoir gives no intimation of the steady decline in proletarian support for the CP, and the emergence of oppositional trends within the CP itself. She pictures the CP as the party of the French workers. But in fact, it retains proletarian support only because of the absence of a strong alternative. The building of such an alternative revolutionary party is the imperative task of the French Left today. Unfortunately, this novel is no help in this endeavor.

Simone de Beauvoir has produced a brilliant and slashing indictment of her own circle of French leftist intellectuals. The reader who keeps that in mind will both enjoy this book and learn from it.

## ... Early Years

(Continued from page 25)

press. The Lovestoneites objected, but they probably thought it was better to print it than to have a fuss with me on that kind of an issue at that particular time. I do not recall any discussion with Foster about it. To be sure, the Lovestoneites thought they were playing a clever game by putting Foster forward to defend the official policy. But Foster was playing his own game in coming to the defense of his fetish.

\* \* \*

The difference between me and Foster on the trade-union question at the May Plenum did not seriously disturb relations in the bloc of the two factions. It remained, as before, a touch-me-not alliance of convenience. I recall that we had a joint social gathering of the two groups shortly before our departure for Moscow for the Sixth Congress. The general understanding was that we were going to make common cause there.

I do not recall the division among the Fosterites becoming manifest at the May Plenum. They kept it bottled up in the family

for a while. The furious internal fight of the Fosterites, in which Foster was isolated, was revealed to us only when the fight broke out into the open at a joint meeting of the delegates of the two factions in Moscow.

Our group, which was strongly represented at the Congress — Dunne, Cannon, Hathaway, Gomez and several others attending the Lenin School in Moscow — did not intervene on the side of Bittleman-Browder-Johnstone. We kept hands off and let the Fosterites fight it out among themselves.

\* \* \*

Lovestone's reaction to the Lovestovsky line in 1928 was not determined primarily by any fanatical conviction about trade-union policy. The trade-union question was not his main interest — not by a long shot. Lovestone was far more concerned to justify the pol-

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icy of the majority of the party in the past, and thus to protect its prestige, than about any line he would have to take in the future. His main concern was to keep control of the party.

For that he was willing to adapt himself to almost any kind of a new directive from Moscow. I feel quite sure he had the illusion that Losovsky himself was out on a limb and that, with the support of Bukharin, he could get around him in Moscow. Losovsky was the one who forced the fight and left Lovestone no alternative but to fight back.

\* \* \*

It is difficult to describe my feeling and expectations in this period before the Sixth Congress of the Comintern, without color-

(Continued from page 2)

developmental leadership gives way to the dogma of "spontaneity of the masses" with its concomitant dogma of "electrifying" them by adventurist individual actions. The years of debate over this question were settled pretty definitively, it seems to us, by the success of the Bolshevik Party in 1917.

It is not at all a matter of converting the great Marxist theoreticians into "icons and relics," as F.H.T. seems to think. The problem is to learn their theories, to offer them for the study of others, and to apply them as a guide to action in the world of today. Of course, one might argue that the old basic theories have been outmoded by newer and better ones more in keeping with the "atomic age." But where are these theories? Until they are submitted for critical appraisal we are forced to continue with those that have been tested and proved.

Are differences within the socialist movement over such questions simply "family quarrels"? (Which we join F.H.T. in abhorring.) That seems to us a narrow way of looking at the process of growth in the socialist movement. How can socialism develop except through discussion, through comparison of rival theories, critical evaluation of different experiences? How else can the old be modified, the really new absorbed?

Some differences, we should add, have borne fearful consequences. Stalin's anti-Marxist theory of socialism in one country, for instance, eventually signified the Moscow Frame-up Trials, mass purges, the murder of an entire generation of revolutionary socialists and the opening of the defenses of the Soviet Union to Hitler's armies. Can such

developments be avoided in the future by simply agreeing to overlook what happened in the past? An easy solution!

Is our concern over who turned out to be right an evidence of being "petrified in the sectarian past"? That seems to us a deprecatory view of the value of history. Can nothing, then, be learned from the past? Science, we choose to believe, is more optimistic about the value of checking human experience. Only special interests, such as the Stalinist bureaucracy, feel impelled to tear out certain pages from the history books and to replace them, if possible, with false ones.

In conclusion let us define the function of the **International Socialist Review**. Its first concern is with theory — Marxist theory, its development and defense. No theory in the whole world of science has suffered such sustained attack as this one; and the attack does not come from scientists competent to judge but from powerful economic and political interests who feel their privileged positions undermined and threatened by Marxist theory and who foster against it the most abysmal dogmas, superstitions, and degrading prejudices. Consequently, one of our first duties is to defend this theory with all our ability. Much that we say is, therefore, inevitably polemical. Militant defense of truth, however, appears to us compatible with truth itself and indeed the only way that truth can survive at certain stages.

\* \* \*

Editor:

I read through the Fall '56 issue of the **International Socialist Review** and decided, after studying the editorial on

I had at that time, I didn't know what I could do about it, and had no definite idea of trying to do anything. In that mood I really did not want to go to the Congress at all, and would not have gone if my factional associates had not insisted on it.

I did not communicate my inner thoughts and doubts to them at that time, since I had no definite proposals to make. Their mood, contrary to mine, was rather optimistic about the prospects of support for our factional struggle in Moscow. That, I suppose, is why they wouldn't hear of my withdrawal from the Congress delegation.

Yours truly,

*James P. Cannon*

page 113 etc. [On the Regroupment of Revolutionary Socialist Forces in the U.S.] to send along a few views of my own for your consideration.

Leon Trotsky said, "The moral qualities of Bolshevism, self-renunciation, disinterestedness, audacity and contempt for every kind of tinsel and falsehood — the highest qualities of human nature! — flow from revolutionary intransigence in the service of the oppressed." The CP leadership is thrown up by the state of an organization in a decadent condition; it is infiltrated with opportunism, careerism, power-seekers, and police-minded politicians. The party, as Lenin and Trotsky knew it, was dedicated wholeheartedly to the cause of doing good for the oppressed, building a better world and proletarian internationalism.

Lenin's quotation in the editorial read beautifully to me, and the regroupment of socialist forces can be made around his contribution. The fact that place names are being changed in the USSR is an indication that the awareness of the evil that was Stalin is growing and that the Soviet Union "will emerge from the dark night of his protracted tyranny."

I am circulating some of Trotsky's books amongst so-called Stalinists and for the first time they are opening their eyes. They are questioning themselves: are they dedicated wholeheartedly, unreservedly to the cause of building a socialist world, in spite of the bureaucratic distortion that prevails in the Soviet Union? Are they beginning to see that all men (all proletarians in particular) are their brothers, that now — particularly with the threat of H-bomb — the time has come to take a new look at history? G.N.

— Ed.

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