

Political **A**ffairs

25¢

MAY

1948

AMERICAN LABOR FACES MAY DAY

AN EDITORIAL

HENRY WALLACE'S *TOWARD WORLD PEACE*

MAX WEISS

**A COMMENT ON STATE CAPITALISM
AND SOCIALISM**

JAMES S. ALLEN

THE SECOND CONGRESS OF THE
COMMUNIST PARTY OF INDIA

THE PALMER RAIDS

Prepared by LABOR RESEARCH ASSOCIATION

Based on an exhaustive study of contemporary documents and reports, this book throws a searching light on the present reactionary drive spearheaded by the Un-American Committee against civil liberties. It includes an expose of the sinister role of J. Edgar Hoover.

Price: \$.30

TURNING POINT IN CHINA

By MAO-TSE-TUNG

The Chinese people, led by the Chinese Communist Party, moves ahead to victory over the feudal-reactionary forces of Chiang Kai-shek, aided by American imperialism. The reasons for past success and the prospect of complete victory are set forth in this historic report delivered to the Central Committee of the Chinese Party by Mao Tse-tung, chairman of the Chinese Communist Party.

Price: \$.10

MARSHALL PLAN—RECOVERY OR WAR?

By JAMES S. ALLEN

A full account of the origin and development of the Marshall Plan, from the Truman Doctrine, through the Marshall Plan, to the "European Recovery Program." A thorough documented study of the real intent and the full effects that this program of American imperialism will have on the countries of Europe and the world.

Price: \$.15

NEW CENTURY PUBLISHERS

832 Broadway

New York 3, N. Y.

POLITICAL AFFAIRS

*A magazine devoted
to the theory and practice of Marxism-Leninism*

EDITORIAL BOARD

V. J. JEROME, *Editor*

ABNER W. BERRY, ALEXANDER BITTELMAN, JACK STACHEL, MAX WEISS

VOLUME XXVII, NO. 5

Contents

MAY, 1948

A Call to the American People	<i>C.P.U.S.A.</i>	387
American Labor Faces May Day	<i>An Editorial</i>	389
Henry Wallace's <i>Toward World Peace</i>	<i>Max Weiss</i>	400
Against the Militarization of Our Youth!	<i>Henry Winston</i>	412
"Operation Canada"	<i>Stanley Ryerson</i>	419
A Comment on State Capitalism and Socialism	<i>James S. Allen</i>	426
The Sham Revolt Against Truman	<i>Max Gordon</i>	440
The Keynesian Palace Revolution	<i>Celeste Strack</i>	448
THE SECOND CONGRESS OF THE COMMUNIST PARTY OF INDIA:		
Statement of Policy		460
Report on Self-Criticism		470
FROM THE TREASURY OF MARXISM:		
". . . to the Veritable People, the Proletarians"	<i>Karl Marx</i>	478

Re-entered as second class matter January 4, 1945, at the Post Office at New York, N. Y., under the Act of March 3, 1879. POLITICAL AFFAIRS is published monthly by New Century Publishers, Inc., at 832 Broadway, New York 3, N. Y., to whom subscriptions, payments and correspondence should be sent. Subscription rate: \$2.50 a year; \$1.25 for six months; foreign and Canada, \$3.00 a year. Single copies 25 cents.

RECENT PAMPHLETS

♦ ♦ ♦

- BEWARE OF THE WAR DANGER! STOP, LOOK,
AND LISTEN! .03
by William Z. Foster
- MURDER, INC., IN GREECE .05
by Olive Sutton
- THE CRIME OF EL FANGUITO, AN OPEN LETTER
TO PRESIDENT TRUMAN ON PUERTO RICO .03
by William Z. Foster
- THE THIRD PARTY AND THE 1948 ELECTIONS, .15
by Eugene Dennis
- NEW YORK HERALD TRIBUNE'S 23 QUESTIONS
ABOUT THE COMMUNIST PARTY ANSWERED .15
by William Z. Foster
- JEW S IN THE SOVIET UNION, CITIZENS AND
BUILDERS .15
by Paul Novick and J. M. Budish
- THE PALMER RAIDS .30
Prepared by Labor Research Association
- ON THE THEORY OF MARXISM, LITTLE LENIN
LIBRARY, VOL. 31 .15
by Marx, Engels, Lenin, and Stalin

A CALL TO THE AMERICAN PEOPLE

BY THE C.P.U.S.A. TO DEFEAT THE POLICE STATE MUNDT BILL*

FELLOW-AMERICANS:

How many times have you said, "He's got a right to his opinion—it's a free country, isn't it?"

Overnight, a free country can become a police state. The "little" steps by which a people is robbed of its freedom carry a nation to the brink of the precipice. Then comes the last *big* step—the step into fascism.

Today our country is being pushed to that last big step. The bipartisan House Un-American Committee has called on Congress to set up the police state blueprinted by Wall Street. The Mundt bill, H.R. 5852, is the signal that the most extreme forces of reaction are stepping up monopoly's drive toward World War III by making a desperate bid for fascist power.

Our people hate war and fascism. When they realize what this bill means, they will rise in their wrath to defeat it. But they must grasp its meaning and act quickly—for the forces of fascism and war are out to blitz this measure through Congress. Arrogantly, they threaten to rush it through the House next week.

This bill strikes at the living standards and democratic rights of all Americans—on the pretext of "saving" them from the Communists. This is a bill so evil that no differences of opinion on any other issue can divide those who agree that the Bill of Rights must be saved.

The so-called "Subversive Activities Control Act of 1948" is as arrogantly scornful of the Constitution as the Committee that spawned it. It would nullify the First Amendment's guarantee of freedom of speech, thought, and association. It would flagrantly violate the Fifth and Eighth Amendments. It is a bill of attainder, singling out special groups and individuals for punishment.

This bill would suspend the right of habeas corpus, and set up concentration camps for the foreign-born. Citizenship would no longer be the inalienable right of the American-born. *You* could be robbed of your citizenship at the whim of a bigoted official who held you guilty of "crime" under this monstrous bill.

The Mundt bill would put Hitler's Big Lie on the statute books. It would jail Communist Party leaders, and any progressive described as a Communist. It would make it a crime to advocate socialism, or, for that matter, any social progress. Although the Communist Party is an American working-class party, and Americans have been studying and teaching the science of Marxism for a hundred years—this bill would decree that Com-

* Released to the press, April 30, 1948.

munism shall be held a "criminal conspiracy" and all advocacy of its immediate or long-range objectives forbidden.

On the basis of this legislated lie, the Mundt bill would outlaw the Communist Party. It would demand that the Communist Party "register" and turn over the names of its individual members to the F.B.I. Every progressive organization, and certainly a working-class party, will fight to the last ditch against such a fascist blacklist and will defend democracy by refusing to register and expose its members to persecution.

The Mundt bill would similarly outlaw the "Communist front" organizations already on Tom Clark's "verboden" list—and extend that list until even the most mildly liberal groups were outlawed.

"The Subversive Activities Control Act of 1948" would carry further the wrecking of the trade unions, begun by the Taft-Hartley Law. It would give legal status to the Big Lie long used as a strike-breaking weapon by the open-shop employers. Under this bill, any strike in any industry could be punished as a "criminal conspiracy."

The Mundt-Rankin bill would whip up a nation-wide lynching bee against the Negro people. It would make it a crime to support such immediate objectives of the Communists and of non-Communist progressives as a federal anti-lynch law, repeal of the poll tax, F.E.P.C., or the abolition of Jim Crow in army and civilian life.

This long step to fascism would be a long, long step to World War III. It seeks to outlaw the growing people's peace movement. It would strike a serious blow at the new people's party headed by Wallace and Taylor. It is a bill to steal the 1948 elections for Wall Street and the warmongers.

Fellow-Americans! This is the zero hour. However we may differ among ourselves—about the Marshall Plan, or the two-party system, or America's future—we must act together now, or tomorrow we shall no longer be free to express our disagreements.

This is the hour for anti-fascist unity—for the united action of labor and all democrats, regardless of their political beliefs. We Communists are going to fight the Mundt bill with all we've got. But only if all who cherish democracy also get into this fight can democracy and peace be saved.

The American people have the strength, and still have the time, to defeat this police state bill. But we must act together—and act *now*. Let us not, like the German people, be forced to forge our unity in the night of fascist terror, and fight for our freedom underground.

Let every liberty-loving individual, every worker, speak to his Congressman! Let every trade union and people's organization muster its full strength and make it felt! Let Congress hear the people demand with one voice: The Mundt bill shall not pass!

WILLIAM Z. FOSTER, *Chairman*.
EUGENE DENNIS, *General Secretary*

AMERICAN LABOR FACES MAY DAY

AN EDITORIAL

CLASS-CONSCIOUS AMERICAN workers always feel a special pride when they join with the workers of the world in May Day actions. For May Day, the day of working-class international solidarity, had its origin in our country; it was born out of the great class battles here for the eight-hour day in the 1880's.

This year we shall be filled with the same pride. But we shall also be conscious of the grave responsibility that the national and international situation has thrust upon us. It is a responsibility to our class, to our country, and to the peoples of the world. It arises from the fact that on this May Day, only the third after the war's end, the threat of a new world war has arisen, this time from the imperialist camp in our own country, from the 'men of Wall Street. Furthermore, these same forces, which are driving for a new world war, are also driving to establish an American brand of fascism in the United States.

Thus, the American working people, less than three years after V-J Day, are again confronted with the danger of war and fascism. It would be fatal to minimize this danger or close our eyes to it. We must face

the facts and, above all, determine what must be done to ward it off.

The workers of the whole world are anxiously waiting to see how the American working class will meet this situation. As never before, they will have their eyes fixed upon us as they march in their giant May Day demonstrations; for they will remember that it was we who gave May Day to the world, and will watch for a sign as to what role we will play in this crucial hour.

GROWING RESISTANCE TO REACTION

The situation in the United States is not a simple one, and should not be viewed one-sidedly. While the camp of imperialist reaction is feverishly preparing for war, undermining the living standards of the people, and assaulting civil liberties, the camp of peace, genuine democracy, and social advance is also gathering its forces.

A historic advance is being made by the American people under labor's leadership. A broad people's coalition for peace and progress is taking shape. It is already expressing itself in the breakaway from the two major parties dominated by Wall Street and in the organization of a new people's party. It has enlisted the support of many outstanding fighters for peace, among them the standard bearer of the new party in the 1948 elections, Henry A. Wallace.

Despite the shackles of the infamous Taft-Hartley Law, the work-

ers, through their trade unions, are striking to defend their living standards. Already the strike movement has embraced the miners, veterans of many struggles; the printers, so-called aristocrats of labor; the militant C.I.O. Negro and white packinghouse workers; and the white-collar workers in that holy of holies of capitalism, the Wall Street Stock Exchange. These struggles are but a prelude to others ahead; for the railroad, maritime, steel, auto, and electrical workers are pressing their demands for wage increases.

The mass of the people, desiring peace, are still confused as to the causes of the present situation and the best way to meet it. But already millions are expressing themselves by their opposition to militarization and to the concrete aspects of the Truman Doctrine and the Marshall Plan, such as intervention in Greece, collaboration with Franco-Spain, our policy in China, and the betrayal of Palestine. Despite the vicious anti-Communist, anti-Soviet hysteria promoted by imperialism, millions are distressed by the efforts of the Administration to rebuild a reactionary Germany and are demanding some action to call a halt to the drift to another world war, such as a meeting of representatives of the U.S. and the U.S.S.R.

The trade unions, the progressive-led unions as well as the rank and file of the Right-wing dominated unions, are determined to put an end to the Taft-Hartley Law. They are

expressing this resolve in their daily economic struggles and in their determination to defeat all Congressmen and Senators who voted for the slave-labor law.

The Negro people are showing marked clarity and initiative in their struggle for equal rights and are demanding deeds and not the cheap words of politicians engaged in election maneuvers. It is this struggle of the Negro people, both in the South and in the North, which is basically responsible for the "revolt" of the white-supremacy Democrats against President Truman.

More and more, resistance is developing to the police state measures of the Truman Administration and the G.O.P.-controlled Congress which are constantly undermining the Bill of Rights. The President's "loyalty oath" for government employees, which is also becoming the pattern for private industry, has alarmed all true democrats. The frame-up and jailing of Communist and non-Communist progressives through the efforts of the infamous Thomas-Rankin Committee and the Department of Justice, the attempts to bring about a *de facto* outlawing of the Communist Party, are being increasingly recognized by all genuine progressives as a long step toward fascism. The support given to the five hunger strikers at Ellis Island has halted, at least for the moment, the attempt of the Truman Administration to establish the first peace-time concentration camp in the U.S.A.

While the developing people's coalition as yet embraces only a minority of the population, its continued growth demonstrates the rising resistance to the program of the imperialist camp and its twin political parties. The progressive camp can defeat this program. The outcome depends in the first place on the clarity and activity of the advanced sections of the working class and the leadership that the Communist Party gives to the people's struggles.

THE STRUGGLE AGAINST OPPORTUNISM IN THE LABOR MOVEMENT

The American working class, with some sixteen millions in the trade unions, is better organized today than ever before. How is it then that it has not yet expressed greater opposition to the program of Wall Street? This cannot be explained by objective conditions alone. It is because the working class still follows the leadership of those who deny the class struggle both in words and deeds and who promote imperialist chauvinism instead of working-class internationalism. To develop the class consciousness of the working class, to promote working-class internationalism—in a word, to bring Marxist understanding to the workers—is therefore a key task of the Communists today. Naturally, this is not simply a question of propaganda; for so key a task can be carried out only by developing to the maximum the struggle of the

workers for their vital immediate needs. But it cannot be accomplished without the Marxist-Leninist education of the toiling masses, without enlightening the workers as to the meaning of their struggles at every stage.

The class struggle is a reality in the United States, as in every capitalist country. The present leaders of the American Federation of Labor, for example, may deny the existence of classes and, hence, the class struggle in our country. Yet as far back as 1881, the founding convention of the A. F. of L. wrote into the preamble of its constitution:

Whereas, A struggle is going on in the nations of the civilized world between the oppressors and the oppressed of all countries, a struggle between capital and labor, which must grow in intensity from year to year and work disastrous results to the toiling millions of all nations if not combined for mutual protection and benefit. This history of the wage-workers of all countries is but the history of constant struggle. . . .

In these words of the founding convention of the A. F. of L. full recognition was made of the class struggle in the United States, of the international character of this struggle, and, hence, of working-class internationalism.

The language used in this preamble was undoubtedly based on the *Communist Manifesto*, written by the founders of scientific Socialism,

Karl Marx and Frederick Engels, and published just one hundred years ago. This May Day therefore coincides with the centennial of the birth of Marxism, which is being marked throughout the world.

It was not accidental that the A. F. of L. leadership never carried its class struggle preamble into life. With the rise of monopoly capitalism in the United States and on a world scale toward the end of the last century, a labor aristocracy developed in all the advanced capitalist countries, which was bribed out of the super-profits imperialism extracted from the super-exploitation of the peoples in the less developed lands. This labor aristocracy was and remains the base of opportunism in the labor movement. In the United States, objective conditions were such that a mass workers' party independent of the capitalist parties did not develop even prior to the rise of imperialism. Opportunism in the labor movement expressed itself here in a policy of keeping the workers chained to the capitalist parties. On the other hand, in those countries where mass workers' parties did develop, they were corrupted by the policies of reformism. The outstanding exception was, of course, the Bolshevik Party. The Socialist Party in the United States, while never a mass party in the sense of the European Socialist Parties, was also corrupted by opportunism. It was only after the First World War that a Communist Party, basing it-

self on Marxism-Leninism, came into being in this country.

Not only did the Gompers leadership, and later that of William Green, keep the workers chained to the Republican and Democratic parties, but they even refused to organize the millions of unskilled and semi-skilled workers in the basic industries. In fact, they developed the false theory that these millions were "unorganizable." Only the Left-wing forces in the Socialist Party and in the trade union movement fought for industrial unionism and the organization of the unorganized. Outstanding among these forces was the Chairman of our Party, William Z. Foster.

The Communist Party, newly organized in 1919 out of the best elements in the Socialist and trade union movement, almost immediately developed a struggle to organize the unorganized. Comrade Foster, as the leader of the Trade Union Educational League, was able, despite the A. F. of L. leadership, to rally great support in the early 'twenties for his campaign within the A. F. of L. for the organization of the unorganized and the amalgamation of the craft unions to facilitate this organization; for a labor party; and for recognition of the Soviet Union, which was realized only after the election of Roosevelt.

The small Communist Party and the Trade Union Unity League, which was formed out of the

T.U.E.L., contributed much to the successful campaign to organize the unorganized by those unions which formed the nucleus of the present C.I.O.

Those A. F. of L. leaders who undertook to organize the unorganized in opposition to the dominant leadership of the A. F. of L., did so for a number of reasons. In the first place, they found that their own unions were in danger unless other workers were organized. They were partly influenced by the rise of fascism in Germany and the destruction of the trade unions there. But they were also influenced by the fact that the workers, as a result of the experience of the crisis and mass unemployment, were turning away from the bankrupt A. F. of L. policies and were more and more coming under the leadership of the Communist Party and the Left-wing forces in the trade unions.

LESSONS OF PAST ERRORS

That this Leftward movement of the workers did not develop to a greater degree after the C.I.O. was formed, was due, among other things, to the fact that the Communists did not, along with their great efforts to organize the workers, develop on a more extensive scale the education of the workers along Marxist lines, and neglected in many instances to build the Communist Party. In too many cases they also allowed the old-line leaders to take over the entire control of the newly-

organized workers and to set up their dictatorial rule over them without challenge. This remissness proceeded from the false theory that to fight for trade union democracy would endanger the relations of the Left with the old-line leaders. It was this form of opportunism that even then laid the basis for the later Browder revisionism which had its climax in the liquidation of the Communist Party into the so-called Communist Political Association.

Similar mistakes were made with regard to the development of independent political action by labor. The Communist Party, except for some temporary lapses, understood the need for, and worked to create a Labor or Farmer-Labor Party, with the trade unions as the base. (A party of that type would, of course, not be a party of socialism, such as only the Communist Party is.) After the experiences of the 'twenties it became clear that a precondition for the formation of such a party was the organization of the millions of unorganized.

But with the organization of the unorganized and the growth of the trade unions, the Roosevelt policy of concessions and reforms tended to set back the development of labor's independent political action. Such organizations for political action as did arise, first Labor's Non-Partisan League and later the C.I.O.-P.A.C., were essentially organizations linked and confined to support of the Democratic Party and Roosevelt. It was

correct to support every progressive measure taken by Roosevelt in response to the demands and struggles of the masses. The mistake was that there was insufficient emphasis on the need to develop an independent working-class policy and to work toward the formation of a Labor or Farmer-Labor Party. Here, too, the germ of Browder revisionism, which accepted the two-party system as relatively permanent, was already present. For this error meant giving up in practice the policy of class struggle, as was later fully confirmed by Browder's invention of a non-existent "progressive" role for American imperialism.

Only after the Emergency Convention in 1945 which broke with Browder revisionism did the Party return to a Marxist-Leninist policy. Since then, despite some mistakes and hesitations, our Party has made great contributions to the strengthening of the militant forces in the trade unions and has helped to create the conditions in the labor movement for the emergence of the new people's party.

THE CHARACTER OF THE NEW PARTY

The new people's party is not taking the form of a Labor Party or even of a Farmer-Labor Party. This is so because the long overdue break-away from the two major parties of monopoly capital is taking place under the conditions of the threat of a new world war and the danger

of fascism. This makes it possible to rally to the new party, in addition to workers and farmers, millions from among the Negro people, and sections of the middle classes, of professionals and small businessmen, all who desire to fight for peace and against fascism. This gives to the new party the character of a people's party.

The fact that the majority of the trade union officials oppose this new party may conceal for some the fact that it is the workers who are its basis and backbone. It could not be otherwise. For the workers are the most advanced class and only their leadership can give to the new party its broad base, solidity, and militancy. It is to the credit of men like Wallace, coming from other classes, that they sense this and accept it.

The new party is far from being a party of socialism. On the contrary, the majority of those associated with the new party movement, and Wallace in the first place, merely want to "reform" capitalism. Wallace believes that capitalism can be made "progressive" by curbing the monopolies and defeating their policy of war and fascism. The Communists know the fallacy of this thesis. Nevertheless, they support the new party movement to the maximum precisely because it is directed against the imperialist warmakers and reactionaries and because the masses will learn in struggle that capitalism as such is inseparable from monopoly capital, which breeds hunger, fas-

cism, and war. Guarding against the repetition of past errors, the Communists must know it to be their duty, by their independent work, to teach the workers the truth about capitalism, the class struggle, and socialism. There is no contradiction between giving maximum support to the new people's party and building the Communist Party. In attacking the Communists, reaction aims its blow against the new people's party as well. The stronger the Communist Party, the stronger will be the people's coalition for peace, genuine democracy, and the curbing of the monopolies.

IMPERIALIST LIES ANSWERED

The struggle for the masses—to win them for the fight against war, fascism, and the steady sinking of their living standards—is a struggle against the opportunist and reformist leadership in the labor movement. Without such a struggle, success is impossible. Without such a struggle, the millions cannot be won for the people's party in the coming elections. But the opportunists in the labor movement cannot be exposed and defeated except by those who understand, and base their entire work on, the real class interests of the workers. Only the scientific principles of Marxism-Leninism can provide the answers to the class collaboration policies, the chauvinism and demagoguery of the imperialists and their hirelings.

In this connection Lenin, more

than thirty-five years ago, drew conclusions that should be remembered by all of us. He said:

People always were and always will be the stupid victims of deceit and self-deceit in politics, as long as they have not learned to discover the *interests* of one or another of the classes behind any moral, religious, political and social phrases, declarations and promises.

If we examine the issues of today in this light, everything will become clear. The imperialists of the United States shout that this country is threatened by "aggression from the outside," by "Soviet expansionism," by "Soviet imperialism." These outrageous slanders are being repeated by the Greens and Wolls of the A. F. of L., the Right-wing Social-Democrats like Dubinsky and Reuther, as well as by those C.I.O. leaders like Murray and Potofsky who have also capitulated to Wall Street.

What are the facts? The facts are that there can be no imperialism in a country where capitalism has been abolished. Imperialism is not a policy. It is a stage, the final stage, in the development of capitalism. In the Soviet Union, where socialism, not capitalism, is the social system, there are no problems of markets, of economic crisis, and there can be no such thing as expansionism, no such thing as "Soviet aggression." The U.S.S.R. will, of course, defend itself when attacked, and can defend itself very well, as Hitler-fascism learned. But a socialist state, whether it be

the Soviet Union or any other country in which socialism is being built, follows a policy of peace. The policy of the socialist state in its foreign relations is one of peace with all nations, irrespective of their social system.

But why do the Wall Street imperialists spread these lies? Obviously because they cannot go to the people and say to them, "America must arm, it must intervene in the internal affairs of other countries, as in Italy for example, because we the capitalists wish to extend our domination to the entire world."

For what is the truth? Before the attempt of Hitler-Germany to establish its domination over the entire world, imperialist wars were fought for a redivision of the world. And now, the Wall Street monopolists, having grown richer and more powerful from the profits of World War II, having weakened or destroyed their imperialist competitors, wish to establish their domination over the entire world.

But it would not do to tell other nations that U.S. imperialism is set on dominating them. So, country after country must be taken over under the smokescreen of fighting Communism. The reactionary, weakened ruling classes of Greece, Italy, France, China, and even Great Britain, are willing to let Wall Street rule their countries so long as they can prevent the people whom they exploit from taking their destinies into their own hands.

Naturally, the working people, the common people as a whole, do not wish to be ruled by Wall Street; and so the fiction is created that we are in Greece to save democracy and religion, that we interfere in Italy to save Western civilization. American imperialism also knows that the socialist Soviet Union and the new people's democracies, aside from robbing it of the possibility of dominating a good part of the world, serve as an example for other peoples. Hence, the anti-Soviet campaign and the preparation for an anti-Soviet war.

The American people, especially the workers, must ask themselves these questions: If our Government is interested in nothing else but the defense of democracy, why does it intervene in other countries on the side of fascists, monarchists, reactionaries, and quislings, and why is it opposed by the working people of those lands? Why do the men of Wall Street and the executors of the bipartisan foreign policy support the fascists in Greece, Spain, and China? Why do they betray the Jewish people with regard to Palestine? Why do they try to defeat the will of the peoples in France and Italy and of the trade unions in those countries?

And what of the spokesmen of the A. F. of L. and the C.I.O.? Why, instead of defending the workers at home against the Taft-Hartley Law and reaction's increasing attacks, do they send their salesmen to sell the Marshall Plan and the Truman Doc-

trine to the labor movement of Europe? Why, instead of uniting the workers at home to defend peace and to halt the drive against civil liberties, do the Irving Browns and Jim Careys travel all over the world in an effort to split the trade unions and undermine the World Federation of Trade Unions?

Is it not the same monopolies that resist wage increases to meet the rising prices caused by their profiteering who also attack the peoples of other countries? Why do our reformist labor leaders, who still claim to oppose the Taft-Hartley Law which they themselves call a slave law, try to tell us that the Forrestals and Harrimans—the Wall Street bankers who dominate President Truman's Cabinet and the G.O.P.-controlled Congress—are interested in nothing else but in bringing prosperity and democracy to the peoples of Western Europe?

And what lesser evil do these labor leaders try to sell us when they oppose the new people's party on the ground that to defeat Dewey and Vandenberg the workers must not split their forces, since to do so would result in Truman's defeat? Is not the Truman-Marshall program the same as that of Vandenberg and Dewey, or Taft and Hoover? Yes, Truman vetoed the Taft-Hartley Bill. But he prepared the ground for the law's enactment with his special session of Congress at the time when he broke the railroad strike. The majority of the

Democratic Party in Congress voted for the slave-labor law and Truman did precious little to prevent its passage. And now he is using that law with wholehearted vigor against the workers, trying to break their strikes with injunctions.

But events are moving rapidly. The workers refuse to follow the Greens, Murrays, and Dubinskys into the Truman camp. Hence, these gentlemen are now looking for a way out. How to beat the new people's party—that is their problem. They now want to ditch Truman, but for one reason and one reason only—because they cannot hold back their followers from supporting Wallace. They now offer Eisenhower without even being sure that the ruling class, which after all will make the decision, is willing or—in the conditions and contradictions in which it finds itself—able to put forward the General. And again the reformist labor leaders are willing to take Eisenhower even if he stands on the same program as Truman and Marshall, so long as they can gain a new means of keeping the workers chained to the parties of imperialism.

The truth is that these labor leaders *are* following a class policy—but not a working-class policy. They are following a policy in the interests of Wall Street, and because of this they inevitably betray the interests of the workers. The same is obviously also true of those labor leaders who support the Republican Party,

the Hutchesons and Lewises. The labor leaders who today stand in the way of the development of the people's party, which expresses the mass breakaway of the workers from the two major parties, are playing the same role as those who in the past opposed the organization of the unorganized. No matter what reasons they give, they are defending the class interests of the enemies of the workers.

ONLY BY DEFENDING THE RIGHTS OF THE COMMUNISTS . . .

The Communist Party is singled out for the most ferocious attack precisely because its Marxist-Leninist science enables it to analyze and expose the role of the imperialists and to show the masses how to fight for their own interests. It is singled out for attack because it stands in the forefront of the daily struggles of the masses. It is attacked because it is the party of socialism. But it is precisely because it is the party of socialism that it is able to be the best defender of the immediate interests of the masses as well.

Anti-Communism was the chief weapon of Hitler. It is the weapon of reaction everywhere. With this instrument, reaction strives to divide the workers and to set the different sections of the people against one another instead of uniting against their common foe. That is why those labor leaders who take up this weapon betray the interests of the

workers and serve the interests of the class enemy.

Those labor leaders who expel members of C.I.O. bodies, and split other C.I.O. bodies in which they are a minority because of the workers' support of the new people's party and opposition to the Marshall Plan, are undermining, and endangering the very existence of, the trade unions. Those labor leaders who carry on an anti-Communist drive in the unions should remember the lesson of Germany and Italy. There can be no freedom for the trade unions if the rights of the Communists are violated. This fact is underscored today wherever the Communist Party has been outlawed, as in Franco-Spain, Brazil, Greece, Turkey, etc.

The principle of the right of the workers to their political opinions and to freedom of action on controversial political issues must be maintained if the trade unions are to maintain their unity and strengthen themselves in defense of the economic interests of the workers.

The workers, irrespective of their attitude toward Communism, can defend their trade unions and their civil liberties only by defending the rights of the Communists, in the country and in the unions. The Communists are an integral part of the American labor movement, its most advanced section. This must be made clear to the workers by the Communists at all times, not only in words but by deeds.

"THE GREATEST BOND OUT-
SIDE THE FAMILY . . ."

Imperialist reaction, echoed by the reformist labor leaders, slanders the Communists as foreign agents, as enemies of their country. This outworn lie was used by the reactionaries in every land against every progressive force that challenged their position. Was not our own Thomas Jefferson branded as an agent of the French Revolution?

We Communists are proud of our internationalism. It makes us the best defenders of the interests of our people and our country. Who defends the national honor of the United States? Those who exploit the peoples of Europe and the rest of the world for their own profits and greed? Those who besmirch the American labor movement by putting their stamp of approval on the fascists in Greece? Or those who, like the Communists, by their manifestation of international solidarity, show other peoples that the working people of the United States are

fighting the same Wall Street imperialists who wish to exploit and oppress the entire world?

Must Americans prove their loyalty to America by hatred of the Soviet people? Shall we forget that the Soviet people fought side by side with us to defeat Hitler-fascism? Shall we forget that the Soviet people—having put an end to capitalism in their land—can have no aggressive attitude toward the American people but only a desire for peace and friendship with them?

By rejecting the poison of chauvinism, by marching side by side with the workers of the world for a durable peace, for genuine democracy, and for social progress, we Communists and other advanced workers are living up to the best traditions of May Day and of our country, and remain true to the profound words of our great Lincoln who said:

"The strongest bond of human sympathy, outside of the family relation, should be one uniting all working people, of all nations, and tongues, and kindreds."

"Throughout the year the workers, first in one place and then in another, continuously present a variety of partial demands to their employers and fight for these demands. In assisting the workers in this fight, Socialists must always explain the connection it has with the proletarian struggle for emancipation in all countries. But the first of May must be the day on which the workers solemnly declare that they realize this connection and resolutely join in the struggle."

V. I. LENIN, Preface to Pamphlet,
May Days in Khar'kov, 1901.

HENRY WALLACE'S "TOWARD WORLD PEACE"*

BY MAX WEISS

It is no exaggeration to say that Henry Wallace has become a symbol to millions of Americans who are moving into struggle against the monopolies to protect and advance democracy in the United States and to place our country back upon the path of peace.

They are indeed justified in this estimate. For it was Henry Wallace alone, among Roosevelt's former associates of major political stature, who boldly picked up the banner of struggle for continuation of Roosevelt's democratic and peace policies when it became evident to all that these policies were being betrayed by the Truman Administration.

It was the voice of Henry Wallace, speaking up courageously for peace and against the mad drive to war, which most effectively helped shatter the conspiracy to silence all public opposition to the bipartisan reactionary foreign and domestic policies.

To the war-weary masses of Eu-

rope, Wallace's voice came as welcome reassurance that there were powerful forces engaged in struggle in the United States against the war drive of Wall Street. They listened to the voice of America, not by way of the State Department short-wave broadcasts, but through the speeches of Henry Wallace.

His decision to run as an independent candidate for the Presidency in opposition to the candidates of the two war parties of Big Business, helped crystallize the rapidly gathering forces of the developing movement for a new people's party. It speeded up the process of formation of this party, which will take full shape nationally at its founding convention at the end of July.

This new party, an anti-monopoly, anti-fascist, peace party, will be a coalition of the various democratic forces of American life. Its most important base will be the mass of organized workers, not only those in the progressive unions whose leaders have officially declared themselves for a new party, but those in unions whose leadership is actively fighting the formation of the new party. It will also base itself upon the masses of the Negro people, and include large sections of the farmers, the national groups, youth, and women.

Quite naturally, the shadings of political viewpoint of the forces joined in such a vast coalition will be many and varied. All these forces will be united on the main issues, in a concerted program of struggle

* Henry Wallace, *Toward World Peace*, Reynal and Hitchcock, New York, 1948.

to curb the monopolies in order to resist and defeat the drive to war and fascism. The program of this new party will finally be decided upon at the founding convention in Philadelphia. Beyond doubt, it will be a program which will unite the various sections of the population and the various political forces which even now compose the elements of this new party.

Quite obviously, one of the most important of the currents of this new party movement is represented by the Wallace forces, since Henry Wallace will be the standard bearer of the new party in the 1948 elections.

From this point of view, the appearance of a book outlining the personal views of Henry Wallace on some of the most important issues of the day is an important event. Clearly, this book, *Toward World Peace*, can in no sense be considered a primer for the new party. Nevertheless, because of the eminence of its author and the time of its appearance, it justifies most serious discussion.

TOWARD WORLD PEACE

Toward World Peace is in many very important respects an extremely significant and effective contribution in the fight for peace, for American-Soviet friendship, against the drive of the bipartisan coalition to war and fascism, and for the formation of a new people's party.

In this book, Henry Wallace puts in the forefront the need to struggle

against any idea that war between the United States and the Soviet Union is inevitable. Based on his acceptance of the fact that the Socialist Soviet Union is here to stay, he defends the proposition that the U.S.S.R. and the capitalist world can and must co-exist peacefully, that peace depends basically on the realistic possibility of reaching a *modus vivendi* between our country and the Soviet Union. As to the issue between socialism and capitalism, Wallace eliminates this question as a divisive point today, advocating its resolution through peaceful competition between the two systems.

He condemns the reactionary get-tough-with-Russia war policy of American imperialism; mercilessly lambastes the Truman Doctrine and the Marshall Plan; castigates American policy in China, Greece, Spain, Western Germany, the Near East, and Eastern Europe; and condemns the bipartisan Administration's policy of alliance with fascists, reactionaries, feudalists, and monarchists all over the world. He condemns the enormous military appropriations and other forms of war preparation, the development of a war economy, and the drive for enactment of Universal Military Training and a peacetime draft.

An outstanding merit of Wallace's book is his exposure and condemnation of the Truman Administration, the bipartisan coalition, the degeneration of the two-party system, and the open Wall Street-military control

of our federal government. Wallace puts his finger on the relationship between the drive by Big Business for profit and the push for armaments and war; he shows the complete tie-up between basic industry on the one hand and the Army and Navy on the other, and points up clearly the relation between the dependence of Big Business on profits from the armaments program, and the anti-Russia, war-is-inevitable drive.

Wallace takes a firm stand against illusions that this drive to war can in any way be halted by inconsequential changes in the Administration or in either of the two old parties. He declares that even though the outer form of our government will no doubt continue to be a constitutional democracy, the real power will be in the hands of the Wall Street clique so long as the G.O.P. or the bipartisan coalition is in power. Wallace therefore insists that the first step to guarantee peace with the Soviet Union is the elimination of the present Wall Street-military-bipartisan control in Washington through the election of a new party administration. Nothing short of this, he declares, will make peace possible.

Furthermore; Wallace contributes effectively to answering certain anti-Soviet arguments of the warmongers. He evaluates the October Revolution very positively, as a step forward in history which inspired the peoples all over the world, just as the French

and American Revolutions did. He states in addition that no other revolution in the history of the world had so profound an effect in promoting education and expanding production. He replies to a number of the choice slanders against the Soviet Union in connection with the Moscow trials by stating that the purging of the Nazi-Trotskyist conspirators made victory over Hitler possible. For example, he says:

... Stalin's relentless measures saved the Russian state when otherwise it probably would have fallen at the hands of equally relentless enemies. Had not Stalin driven ahead with the utmost vigor to collectivize the farms and develop the heavy industries of Russia in the early thirties, had not Stalin carried through his ruthless purge of Nazi-Trotskyist conspirators, Adolf Hitler might have found it possible to conquer the world in the years that followed. (P. 50.)

And again:

Stalin cleaned up the mess which these discontented communists and Germans had tried to create, with the result that when the fateful hour came Russia was not betrayed by any Quisling or Laval. I do not defend Stalin's methods. I merely say that had he failed to apply them, Hitler might be ruling the world today. (P. 56.)

It is puzzling, to say the least, that methods which saved the world from Hitler should not be defended.

Wallace also appreciates keenly the role the Soviet Union played in

the fight for collective security prior to 1939. He condemns the appeasement policy of British and French imperialism and exposes the powerful hold the appeasement forces had on the State Department during those years. From an examination of this period, Wallace declares that the Soviet Union was fully justified in concluding that it could not expect collective security and that it had to take unilateral measures to defend its own safety. Specifically, Wallace recognizes the correctness of the Soviet-German Pact, as well as the war against Finland. He says:

From the standpoint of Russia's safety no one can say that Stalin did the wrong thing either in agreeing to the pact with Hitler or in attacking Finland. If he had not obtained the Karelian peninsula at that time, Germany would almost certainly have driven across the short distance of twenty miles and taken Leningrad in 1941. If we had experienced what Russia had from tory France and England from 1918 to 1939, we might have acted the same way. (P. 57.)

As to the frequent charge that the Soviet Union is today adopting a "tough and suspicious" attitude, Wallace declares that there is both a historic and a present justification for this attitude, based upon the past experience of the Soviet Union with capitalist intervention and appeasement, and its present experience with the Administration's current policy.

OTHER SIGNIFICANT CONTRIBUTIONS

Wallace's book also makes a significant contribution to the people's struggle on a number of other questions.

1) Wallace underlines the tremendous power of the monopolies in the United States, their complete control of the economic and political life of the nation, their capture of the two-party system. He sees clearly the necessity to fight to curb the power of the monopolies through various measures if we are to avert war and fascism.

2) Wallace unequivocally condemns Red-baiting, branding it as a typical Hitlerite method to prepare fascism and war, and he calls on the American people to fight it. He states:

Both existing parties, not having much else to fall back on, will fall back on the old device of playing up the communist scare. They will cry communist in harmony together. And they will vie with each other to see which can cry it louder. (P. 87.)

Or again:

I am utterly and completely against all types of red-baiting in the United States. Those who call progressive and peace-seeking Americans "tools of Russia" and "communists" are using typical Hitlerite methods and they should be fought with the same vigor that Americans exercise against any source of Gestapo philosophy or propaganda. (P. 88.)

Or further:

Those who shout communism today don't really fear communism. What they fear is democracy. In the South those who shout communism loudest fear the enforcement of the First and Fourteenth Amendments. These men are anti-Christian and anti-American no matter how snugly they may wrap themselves in the American flag. In the North those who shout communism either are afraid there will be a revival of the Roosevelt New Deal doctrines or have surrendered themselves to the defeatist view that the two greatest powers in the world cannot live together in peace.

In addition we have the politicians who have found that the simplest way to get elected is to shout communist against their opponents. Also we have those in the Army and Navy and other government departments who find that their appropriations are larger if they raise the red scare. (Pp. 110-111.)

Wallace shows the results of Red-baiting:

If the housewife is the forgotten woman, labor today is the forgotten man. The fundamental reason is the same. Our foreign policy strides into the workshop with the same ruthless tread as it enters the home and the grocery. As long as politicians and the Wall Street exploiters through a subservient press are able to cry "Red! Red! Russia! Russia! Communist! Beware!" day after day the inflation will grow and the rights of labor will decline. (P. 116.)

He specifically warns the labor movement against Red-baiting:

Most of the labor-baiting congressmen were elected because they pinned the red label on a good candidate. As long as labor allows itself to be distracted by the red issue it will travel the path of Taft-Hartleyism and lose in bargaining power in the shop and in purchasing power in the home. Regulation of labor by court injunction will again become the law of the land. (P. 117.)

Wallace also has some pointed things to say to the faint-hearted liberals:

Those liberals who turn over on their backs and wave their four paws in the air while the special interests tickle their fear of communism will, in time, find themselves betrayed and disillusioned. Eventually they will have to take a stand on fundamental issues, and then they will have either to sell their souls or stand up and fight. (P. 86.)

3) Wallace argues vigorously the need for the people to fight with every ounce of their strength in defense of civil liberties. He compares the significance of the fight against the growing menace of fascism with the struggle of the colonists in 1776 to destroy royal privilege, and with the struggle during the Civil War to destroy the institution of slavery.

Specifically, he defends civil liberties for Communists, stating:

The utterly alarming things which can so easily destroy the America of Jefferson and Lincoln have been done, not to me, but to the American Communists. (P. 109.)

This, it should be noted, was written before the storm-trooper-like attacks on various Wallace meetings following President Truman's inflammatory statements directed at Wallace.

Wallace makes a devastating criticism of some labor leaders who go along with the program of Big Business in return for sharing a few crumbs of monopoly profits, thereby betraying labor's cause.

4) Wallace presents the elements of a program designed to meet the most pressing economic needs of the people, including demands for higher wages, lower prices, minimum wages of one dollar per hour, \$100 per month old-age insurance, and socialized medicine.

Manifestly, in all these particular respects Wallace's position is in accord with the immediate needs of the fight for peace and democracy. In fact, it is because Wallace holds such a position that millions of Americans are rallying to the banner of the new people's party which will nominate him for the Presidency.

"SOVIET EXPANSIONISM"

On a number of other very important questions, however, Wallace unfortunately advances views that can only have the effect of impeding the most effective development of the struggle for peace.

For example, while strenuously combating the caterwauling of the

anti-Sovieteers and encouraging, instead, a serious effort to understand the policies of the Soviet Union, Wallace nevertheless repeats the assiduously cultivated myth that the Soviet Union is an "expansionist power." According to him, this "expansionism" proceeds by methods of "direct coercion or infiltration."

For Wallace, the dangers to peace arise because of the power politics that are played, not only by the U.S., but also by the U.S.S.R., in the pursuit of expansionist policies. He considers that both countries are equally responsible for bringing about the present international situation.

It is incontestable, as Wallace himself proves in this book, that the United States is following an aggressively imperialist policy. On the other hand, it cannot be validly demonstrated that the concept of "Soviet expansionism" is anything but a myth, pure and simple. It is worthy of note that nowhere does Wallace undertake to prove his assertion about the "expansionist" character of the Soviet Union. He simply repeats it as though it were an established truth.

In fact, when he deals concretely with various countries, he is compelled, in many instances, to combat reactionary assertions about "Soviet expansionism." For example, although he offhandedly, without any serious discussion whatsoever, concedes the argument of the reactionaries that "Russia has taken over in

Eastern Europe," he denies this argument when it is directed against the liberation movement in China or the guerrilla movement in Greece. Also significant is his attitude to the elections in Italy, taken after the book was written, which is based on a rejection of the slanderous charge that the Italian People's Bloc represents an arm of "Soviet expansionism." Indeed, were Wallace to draw the full conclusions from these concrete observations of his, he could not yield to prejudiced generalities about "Soviet expansionism."

Certainly, Wallace could not label as "expansionism" the return of territories in the Western Ukraine and Western Byelo-Russia, forcibly severed from the Soviet Union in the early days of the Soviet Republic. A man is not a robber when he demands that what has been stolen from him be returned. As to the strip of economically valueless but militarily strategic territory on the Karelian Isthmus which Finland yielded following the war of 1940-1941 (an act which, as we have seen, Wallace himself defends), the whole world knows that Finland was amply recompensed for this by being ceded an even larger stretch of Soviet territory in return. As concerns the three Baltic Republics, liberated from fascist rule by the Red Army, their incorporation into the Union of Soviet Socialist Republics was by free vote of the people of these countries in a popular referendum. Those who scoff at this as a Soviet "cover-

up" will have to explain why the Soviet Union did not avail itself of its complete military control of Romania, Bulgaria, Hungary, and Poland during the liberation of these countries to "expand" by a similar "cover-up." They will find it impossible to do so for the simple reason that the socialist character of the Soviet Union precludes any form of "expansionism," just as the imperialist character of the United States makes expansionist tendencies and policies inevitable.

Wallace's talk about "Russian-directed Communistic infiltration" is equally incorrect. The Communists of any country are not foreign "infiltrators." They arise indigenously from the ranks of the working class; they arise by historic necessity. The Communist Party grows in each country in accordance with objective conditions as well as the effectiveness of its leadership of the working class and popular masses in the struggle to defend and advance the true national interests of the given country. It has nothing to do with any mythical "Russian infiltration." How else shall we explain the fact that the Communists of Brazil are a strong force in that country, while in Turkey, which borders the Soviet Union, the Communist movement is as yet small and weak? Or the fact that in France the Communist Party is the largest party, while just across the Channel the Communist Party of Great Britain is as yet small and not yet a powerful

force in that country? These obvious facts cannot be explained by harmful talk about "infiltration." They can be explained only by examining the specific and differentiated course of the class struggle in each country.

Furthermore, all talk about "Russian-directed Communistic infiltration" aids those who brand Communists as "foreign agents," "agents of Moscow," etc. Interestingly, when Wallace gets down to cases he is compelled to deny that events in China, for example, can be explained on such grounds. He denies that the Chinese Communists are "Russian agents" or that the Soviet Union will dominate China, should the Communists lead the democratic forces of that country to victory over Chiang Kai-shek. He asserts very forcefully that the growth of Communism in China is a product of the struggle in China and not the result of any alleged "Russian infiltration." Unfortunately, Wallace does not draw the logical conclusions from this and similar facts which he admits. Instead, he tries to reconcile such facts with his thesis by explaining away the Chinese Communists as being, not really Communists, but "agrarian reformers" like the old North Dakota Non-Partisan Leaguers!

No, the Chinese Communists are really Communists, not agrarian reformers. It is precisely because they are Communists that they express best of all the real interests of the Chinese people.

Clearly, then, "Soviet expansionism" is a myth. It is most dangerous, as Wallace himself recognizes, in the form in which it is advanced by the warmongers, namely, that it is only the U.S.S.R. which is expansionist, while the U.S. is non-imperialist. But it is harmful, too, in the form advanced by so great a symbol of peace as Wallace. For, to hold that the Soviet Union and the United States are "equally responsible" for the war danger because they are both playing "power-politics," is to weaken the struggle for peace. Such a conception obscures and covers up the fact that the danger to peace comes from one direction—from the expansionist drive by American imperialism to dominate the world. This drive for world domination is resisted everywhere by the struggle of the peoples of all lands (including the United States) for peace, national independence, democracy, and advance to socialism.

"PROGRESSIVE CAPITALISM"

Wallace makes it clear that he is a champion of the capitalist system, an opponent on principle of socialism, and that his program is designed to save and perpetuate the capitalist system in the United States as well as in other areas of the world.

He admits that up to the present capitalism has resulted in poverty, unemployment, colonial exploitation, racial discrimination, recurring crises, fascism, and repeated wars. But he believes that this is not inevitable

under capitalism. He believes that there are two types of capitalism—"reactionary capitalism" and "progressive capitalism." According to Wallace, it is only "reactionary capitalism" which is responsible for the above-mentioned evils. Basing himself on the well known Keynesian approach, Wallace asserts that capitalism can also be progressive and democratic, can do away with poverty, unemployment, crises, fascism, and war.

Wallace discusses, in passing, the relationship between his concept of "progressive capitalism" and the Roosevelt New Deal:

Roosevelt's policies were usually of a stopgap nature. The reactionaries might look on them as far-reaching, but as a matter of fact they were usually the minimum necessary to save the situation for democratic capitalism in the United States. He was saving the reactionaries and the Tories from themselves, but they never knew it. It was a time of transition, and he was kept too busy saving the day to think much about the years. He felt that the day-by-day job of meeting the problems as they arose was his function, and that he would only invite disaster by probing too deeply into the root causes of world maladjustment.

The world is desperately sick today. Whether we like it or not, we are now brought down to root causes. . . . (P. 19.)

Thus, Wallace understands, in his own way, that the crisis in which capitalism finds itself today is much

deeper than during the Roosevelt period of the 'thirties. It is the sharpening of the general crisis of capitalism which accounts for the fact that the new peace coalition, breaking away from the two major parties, is developing on a higher political level than did the Roosevelt coalition. It accounts for the fact that Wallace proposes more far-reaching measures of reform than did Roosevelt, whose desire to save capitalism he shares. One of the new features which Wallace has added to the coalition now taking shape in the new people's party is its demand for measures to curb the power of the giant monopolies, a task which neither Roosevelt nor the Roosevelt coalition even in its most advanced days ever undertook.

However, the essence of Wallace's Keynesian concept of "progressive capitalism" is fundamentally the same as that of the Roosevelt New Deal, advanced, however, in a different historic setting, in a period of deeper general crisis of capitalism.

What are the specific measures Wallace proposes in order to create what he calls a progressive and enlightened capitalism?

Wallace sees the problem of economic crisis as the central weakness of capitalism. His analysis of the course, the causes, and the solution of the problem of economic crisis is a liberal Keynesian one, according to which crises are the result, not of the basic contradictions of capitalism, but of underconsumption brought

about by reactionary policies on production, wages, and prices.

It is in the measures Wallace proposes for the prevention of crises that the exact nature of what he means by "progressive capitalism" becomes clear. He calls for special types of planning in certain key industries which are decisive for the nation's economy. Specifically, he urges the passage of a law which will govern the basic industries, requiring them to set up industry boards composed of representatives of industry, labor, agriculture, the government, and consumers. These boards, according to Wallace, will achieve democratic planning by having the power to make decisions on wages, profits, prices, volume of production, direction and amount of new investment, profit and dividend policies, etc.

Clearly, such a scheme is a Utopia. The very idea of the fascist-minded monopolists discussing jointly with labor what their production, wage, price, profit, and investment policies shall be, is absurd on the face of it. Nor can capitalism "plan" itself out of crisis in any other form. Anarchy of production is inherent in the capitalist system and cannot be eliminated so long as the contradiction between social production and private appropriation continues to exist.

From an immediate point of view, it is important that Wallace recognizes the need to curb the power of the monopolies in various ways—regulation, limited measures of nationalization, etc.

While many in the new people's party will disagree with his specific proposal for industry boards, the fact remains that all supporters of Wallace are agreed on the need to fight for effective measures to curb the monopolies.

Such measures, however, will not lead to a new stage of "progressive capitalism." Capitalism cannot be made progressive. What Wallace calls "reactionary capitalism" is in reality capitalism today, *i.e.*, imperialism, the final stage in the development of capitalism, the stage in which monopoly has become decisive.

As it finally becomes clear to the masses that even progressive economic and social measures of the type advanced by Wallace—measures which are absolutely necessary, and which must be resolutely fought for—cannot solve their problems basically, they will inevitably advance from the struggle for limited, though important, measures to curb the monopolies to a more decisive struggle to end their power, *i.e.*, to establish socialism in the United States. The exact form of transition to socialism in this country will, of course, be determined only by the specific course of the development and outcome of the struggle.

BOURGEOIS AND SOCIALIST DEMOCRACY

As is well known, Wallace has often reaffirmed his admiration for what he calls the economic and

ethnic democracy existing in the Soviet Union. In contrast to this, he accepts completely the stock argument about the "lack of political democracy" in the Soviet Union.

Wallace attempts to give a historical explanation for the development of what is, in his opinion, a sort of benevolent despotism in the Soviet Union. According to Wallace, "democratic rights" and "civil liberties" were "suppressed" in the Soviet Union because Lenin adapted the Marxian socialism of Germany to the necessity of fighting czarist absolutism and feudalism under conditions in which democratic forms of struggle such as popular elections were not possible. According to Wallace, these methods of violence, repression, etc., were continued after the victory of the Socialist Revolution in order to defeat intervention and civil war and to crush the Nazi-Trotskyist conspiracy against collectivization and industrialization.

Now, it is very important that Wallace recognizes and takes into account the long history of the Soviet Union's struggle to defend itself from all forms of attack, intervention, and sabotage organized by the imperialist powers. But it is nonetheless regrettable that Wallace should confuse suppression of attempts at capitalist restoration with suppression of political democracy.

What is involved here, of course, is the fundamental question of bourgeois democracy, socialist democracy, and the proletarian dictator-

ship. Wallace analyzes democracy in an abstract, supra-class manner. For him, the formal and very limited and precarious bourgeois democracy assumes the meaning of a genuine people's democracy. From this standpoint, the actual control of the economic, social, and political life of our country by the Wall Street monopolists (which Wallace admits) is a violation of the principles of bourgeois democracy. Actually, of course, it is not a violation. It is of the essence of bourgeois democracy today that real power always rests with the monopolies, no matter how seemingly universal *formal* democratic rights may be. The real, tangible democratic rights which do exist (the right to organize, strike, hold meetings, etc.) are won and maintained by the masses only by the most determined struggle to expand their own rights and to limit and curb the powers of the monopolists who in the period of the sharpening general crisis of capitalism drive to establish their *open* dictatorship—fascism.

Wallace is incorrect in asserting that the proletarian dictatorship suppresses political democracy. On the contrary, the proletarian dictatorship in the Soviet Union was from the start a thousand times more democratic than the freest of the bourgeois democracies because it was established as the *democracy for the workers and peasants—the overwhelming bulk of the population*. The socialist democracy of the So-

viet Union today, based on the Stalin Constitution, is the most advanced democracy the world has known, precisely because all exploiting classes have been eliminated.

As to Wallace's specific criticisms of Communists in capitalist countries, they add up to the allegation that "non-Russian Communists" have their thoughts controlled from one spot, apparently Moscow, and by one man, apparently Marx or Lenin or Stalin. The truth, of course, is otherwise. Marxism is a science, and its basic laws, like those of any other science, are valid for all countries. In each case Communists, using the science of Marxism, strive to solve their basic problems within the context of the situation in their own country and in accordance with their nation's true interests. Communists are the true and consistent defenders of the nation, which is not the small clique of monopolists but the vast mass of exploited and oppressed.

FIRM BASIS FOR CO-OPERATION

It is an outstanding feature of the new people's party that the millions now gathering around it come from many sections of the population. Naturally, in such a newly-organized, broad people's party, embracing

groupings and individuals of varying political backgrounds and views, differences will exist on a number of important questions. Such differences cannot be hidden if the party is to develop and strengthen itself, and must therefore be discussed in a friendly and constructive fashion. What is decisive today, however, is that despite such differences, a firm basis exists for co-operation between all currents of the new party movement for the development of a great anti-monopoly coalition for peace and democracy. This is so because of a wide area of agreement on the overriding immediate political issues confronting the American people.

The American people are today moving in millions to a historic breakaway from the two-party system of Wall Street, to the formation of a third, a new people's party. Only such a party can today help solve in a people's way the life-and-death questions of war or peace, fascism or democracy. It is for this reason that all true defenders of the people's interests work tirelessly and with enthusiasm to build the coalition people's party and to rally the masses around its standard-bearer, Henry Wallace, in this great united struggle against the monopolies, for peace and democracy.

AGAINST THE MILITARIZATION OF OUR YOUTH

BY HENRY WINSTON

Testimony in opposition to U.M.T. and the draft, submitted on April 2, 1948, to the Senate Armed Services Committee in behalf of the Communist Party.

My name is Henry A. Winston. I am National Organization Secretary of the Communist Party, in whose behalf I submit this testimony opposing universal military training and the draft.

I wish the record to show that I protest the refusal of the Senate Armed Services Committee to grant my request for an opportunity to testify in person. I wish the record to show further that the Communist Party protests the unseemly haste with which these hearings have been terminated, before the American people could make their views fully known.

The Communist Party is opposed to both universal military training and the peacetime draft. These proposals to militarize our youth and establish a standing army are repugnant to the traditions of our country.

They are not required to defend our nation from any foreign threat. On the contrary, they are advanced by domestic enemies of our true national interest, seeking to implement Wall Street's bipartisan policies of world domination and war.

The proposal to militarize our youth goes hand in hand with steps toward the militarization of the nation as a whole, and the sacrifice of the people's living standards to the requirements of a war economy. It increases the fascist danger, already manifesting itself through other police state measures to regiment our people and institute universal thought control.

The taking of millions of young men from their homes, their jobs, and their education in order to prepare them for war is a confession that the policies of the Truman Administration and the G.O.P. are robbing this generation of Americans of the peaceful future which their brothers fought and died to win.

By pressing for adoption of the draft and U.M.T., the bipartisan advocates of these measures seek to convince the American people that a third world war is inevitable—and imminent. These spokesmen for the giant U.S. monopolies, who further Wall Street's interests in every corner of the globe, paint the United States government as the disinterested defender of world peace. Even as they violate the American people's traditional democratic rights, and

prepare to make our youth goose-step to their commands, these architects of an American form of fascism pose as the champions of world "democracy."

All of this is "justified" by the claim that our national security is threatened by a war-minded and aggressive Soviet Union. No longer do the bipartisan sponsors of this colossal war program hide their eagerness to unloose a "preventive" war against the U.S.S.R., its allies, and the world.

Appearing before this Committee as the head of a War Council composed of militarists and bankers, Defense Secretary Forrestal spoke of the "deadly parallels" between Nazi Germany on the eve of World War II and the Soviet Union today.

I wish to point out some of the real deadly parallels, which Mr. Forrestal sought to obscure.

* * *

On the eve of World War II, power in Nazi Germany was in the hands of precisely such representatives of Big Business and the military as compose Mr. Forrestal's War Council. The Nazis had completed the militarization of Germany and had inculcated a spirit of war in its youth. They had mounted the most powerful military machine in the world, and proclaimed themselves "invincible." The corruption of the German people by the war criminals of 1939 was disguised as a program to defend the German nation against

the menace of "Communist expansion."

Fortunately, the parallel is not complete. For the American people can still check and defeat the criminals driving toward World War III and save our young manhood from being brutalized and processed for a war of conquest and aggression.

None other than the arch-reactionary Herbert Hoover has bewailed the fact that the policies he foisted on the Truman Administration have stripped the United States of allies in the war whose "inevitability" he also seeks to affirm. Former U.S. Ambassador to Japan, Joseph Grew, told this Committee that the way to assure allies is to make ourselves appear to other nations as "invincible."

Here is another deadly parallel. I would remind this Committee that the might of Nazi Germany did not attract allies, but only impressed into service puppets, pawns, mercenaries, and slaves—who turned against the hated master at their first opportunity. Because Nazi might did not make right, it was the justice of the anti-Axis cause that rallied nations and peoples to unite for the defeat of the "invincible" Wehrmacht and its Japanese partner.

I am a veteran of World War II, and served in the European Theatre of Operations. I have seen America's World War II allies face to face, and I know them to be the workers and common people of the world

who hate war as our own people do. They will not rally to our side if, like the Nazis, we proclaim ourselves "invincible" and demand their submission to the will of the American trusts and monopolies. They will unite against us; for they have tested the power of a united will to peace and freedom—and they know that only the people are invincible.

This bill, and its companion measure for restoring the draft, will, if passed, only serve to make enemies for the United States and finish the job, which lacks little for completion, of wrecking the United Nations machinery for peace.

Who can believe that these measures will serve to defend our nation, or help preserve the peace—as their advocates hypocritically argue?

The bipartisan foreign policy of which they are an integral part has proved itself a war policy. It prolonged the terrible civil war in China, where the tide of battle goes decisively against the corrupt and doomed Chiang Kai-shek regime we arm and finance. This policy has lost us the friendship of hundreds of millions of Chinese democrats, including the powerful people's armies, which proved their worth as allies in the common struggle against Japan.

This policy has plunged Greece into bloody civil war, a war of Greek mercenaries in the pay of Wall Street who wage a losing battle against the Greek patriots so short

a time ago allied with us in battle against the Nazis. What American parents can face the prospect of turning the training of their sons over to the American military—when it is dishonored by men like Maj. Gen. James Van Fleet, head of the American Mission in Greece? It was Van Fleet who ordered the execution of all captured Greek guerrillas—and who, in directing an ill-fated offensive by the Greek National Army, expressed his hope that it would "bring in a good catch." Recently, Gen. Van Fleet also ordered the Greek monarchy to draft 15,000 more men into its fascist army. The cost of their training and equipment will be borne by American taxpayers. But American boys, not the Greek mercenaries, will bear the brunt of the battle if the bankers and generals get their way.

The American bankers and generals are guilty of the Truman Administration's betrayal of the Jewish people, which has not only brought war to Palestine but made a shambles of the United Nations. Who can trust those who say that U.M.T. and the draft are not increasing the danger of war? They have proved that their word is honored only in the breach, by their renegeing on the promise to Palestine.

And who can any longer think that American draftees will not be used to interfere in the domestic affairs of other nations—when we see what the bipartisan sponsors of the

draft are doing in Italy? The poll-taxer, Attorney General Tom Clark, takes cover under the Bourbon cry of "state's rights" to excuse his failure to protect the rights of Negro voters in the South of our own country. But where among the bipartisan spokesmen for the Truman Doctrine and the Marshall Plan is there any respect for the sovereignty of the Italian people in their forthcoming crucial national election?

Today we invade Italy with propaganda, threats, and the promise of other nations' territory as a reward for voting as Wall Street orders. Will we use the proposed new draft army to follow up with an invasion of men—to enforce Wall Street's will on the Italian voters? And after Italy, will France be the next debarkation point for American troops?

The bipartisan policy that already has lost us the only allies worthy of the American people's trust and friendship has, to be sure, brought us a few shady paid retainers. Already there is talk of appropriating funds for arming the so-called Five-Power bloc, which has sold itself to American imperialism. Are we also to muster up from our youth armies to police and fight beside the war-weary Belgians, Dutch, and Luxemburgers?

U.M.T. and the draft cannot be viewed apart from "Project X," that gigantic scheme for attempting the subversion of democratic governments throughout the world by arm-

ing the remnants of a fascist underground. Here, among the Quislings and Nazi collaborators whose hands are stained with American blood, are the "allies" whom America's youth is to be taught to regard as comrades-in-arms.

When the House of Representatives accepted Franco Spain into the sorry company of Marshall Plan states, the last thin veil was torn from the whole policy which requires U.M.T. and the draft for its implementation. The butcher of the Spanish people—the creature of Hitler and Mussolini, the outcast from the United Nations—is welcomed as an "ally" needed by the United States. To fight against Franco and his - Axis partners, thousands of Americans proudly joined the Abraham Lincoln Brigade, and many gave their lives in Spain.

But to fight *with* Franco—so monstrous a proposal can only be carried out by drafting Americans and by indoctrinating them with the poison of fascist ideas.

Those who today make our bipartisan foreign policy seek to gather up all that is evil and reactionary in the world. Around the hub of a Wall Street-dominated Bizonia, they would construct a second anti-Communist Axis, and unloose a war of aggression against the Soviet Union and the East-European democracies.

* * *

To overcome the American people's resistance to this suicidal

scheme, Hitler's disciples among the militarists and monopolists of our country strive to convince the American people that war is "inevitable." Thus they hope to head off the growing movement to stop the war drive and drive the warmongers out of public office. This legislation, the draft as well as U.M.T., is a major instrument for conditioning the American people to the acceptance of war.

For a youth in uniform, trained for war, is a youth accustomed to believe that war cannot be avoided.

But Hitler's American disciples also pursue other objectives in their bipartisan drive for the passage of this legislation. With more than 50 per cent of the national budget allocated to preparing for the "inevitable" war, it is inevitable that the living standards of the American people will be drastically cut—even before the coming economic crash hits them. For the American people, the order is guns instead of butter. But for the monopoly profiteers, there is profit in *both* guns and butter—and they are taking it with both hands.

It is not by chance that now, as the Taft-Hartley Law's full and crushing effect begins to make itself felt, U.M.T. and the draft are pushed as reserve measures to back up injunctions and court action. A militarized youth can be more easily indoctrinated with hate for organized labor, and more easily inducted into

strike-breaking service. But other means for using U.M.T. and the draft to crush labor are already foreshadowed. The declaration that it is planned to place Communists of draft or U.M.T. age in concentration camps is a further revelation of the Hitler-like aims of this whole war program. For we may be sure that not only Communists, but all militant trade unionists and other opponents of the war program, will be similarly treated unless the American people defeat these bills.

Militarization of our nation would place in deadly peril every democratic right won and cherished by the American people. As a Negro, I know well that the fabric of our American democracy has many stains and tears. But, like hundreds of thousands of my people, I took part in the fight against the Nazi enemy in order that Negro and white Americans might remain free to unite in common struggle for full equality.

The defeat of the Nazi "Aryans" was the work of men and women of many races, creeds, and nationalities. Today the white supremacists of the United States demand that the whole world recognize them as the new "supermen," born to rule. And so today the fight for Negro rights is above all the fight for peace, which must be waged against those who would plunge the world into war if it will not submit to their dictates.

U.M.T. and the draft would per-

petuate the vicious Jim-Crow practices which have weakened our moral standing among the peoples and shamed America. More than this, U.M.T. and the draft present new dangers of fascism and thus new dangers of lynch terror and oppression to the Negro people.

As a Negro, as a veteran of World War II, as a worker and as an American Communist, I have many aspirations, most of which I think the overwhelming majority of my fellow Americans share.

I wish my country to be strong and proud among the nations—not boastful of material strength, but justly proud that our people have triumphed over those unworthy to call themselves American, who have betrayed America's best traditions.

I wish all our people to work and to prosper, to enjoy the blessings of liberty and equality, and to live in peace.

I believe that other peoples, and in the first place the peoples of the Soviet Union and the new democracies of Europe, ardently desire to live in peace that they may advance, each in his own way, their countries' democratic progress.

And therefore I am sure that war is not "inevitable." It is only inevitable that those who desire peace unite in resolute struggle to stop the imperialist war-makers.

* * *

The enemy that threatens us today

is here within our own borders. He is harder to recognize, and more dangerous, because he calls himself "American." Yet the American workers know this enemy well, for it is he who cuts wages, smashes trade unions, profits from inflation, lynches Negroes—and cries "Communist!" at any one who resists his orders.

It was the tragedy of the German workers and people that they permitted their Du Ponts and Morgans, their Rockefellers and Forrestals, to divide them—and that they believed the enemy within when he asked for their sons to fight the "menace of Bolshevik expansion." We Americans must learn from the German tragedy, that we may not suffer it to befall us.

The fight for peace, and against the advocates of "inevitable" war, is emerging as the central issue in the 1948 Presidential and Congressional elections. I have every confidence that the new people's party will show itself as a powerful force for peace. The American people can prove that war is avoidable by taking the necessary steps to check, and oust from public life, the war-makers.

The program of the Communist Party is a program for rallying the American workers and people for struggle against the men of the trusts on every front. We support the trade unions in every battle to throw off the chains of the Taft-Hartley slave law. We join with millions of Amer-

icans in opposition to the thought-control drive and political persecutions of the House Un-American Committee and the Justice Department.

I am proud that my Party is the staunchest champion of the Negro people and supports them in every fight against lynch terror, segregation, economic discrimination, and other forms of national oppression.

For the Communist Party, as for all parties and groups desiring democratic advance and social progress, the fight for peace is paramount. We resolutely struggle for the achieve-

ment of a truly American foreign policy—based on the unity of the great powers, on American-Soviet co-operation, and on strengthening the United Nations.

The road to peace was charted in the agreements entered into at Potsdam and Yalta. It leads through international agreement to universal disarmament. I reaffirm the Communist Party's opposition to universal military training and the draft. These measures lead to tensions among nations, crushing war budgets, the fascist militarization of our youth—and in the end to war.

“The theoretical conclusions of the Communists are in no way based on ideas or principles that have been invented, or discovered, by this or that would-be universal reformer.

“They merely express, in general terms, actual relations springing from an existing class struggle, from a historical movement going on under our very eyes. . . .”

KARL MARX and FREDERICK ENGELS,
Manifesto of the Communist Party.

"OPERATION CANADA"

BY STANLEY B. RYERSON

National Organizational Secretary,
Labor-Progressive Party of Canada.

On March 15, *Life* magazine announced editorially on behalf of the Morgan-Luce imperialists: "We Need Canada. . . ."

Canadians, the editorial asserted,

. . . need complete and permanent economic union with the U.S. . . . A time when military strategists look at the top of the world and see that Canada is the only country between us and Russia is no time to base our judgments on the circumstances of 1912. . . . Today the enemy is hunger, despair, anarchy . . . Communism. Canada's surplus foods and manufactures are unquestionably needed in this new sort of war. Since Canada herself has shown that she cannot fiscally operate in today's world, and since Britain is fiscally impotent, it is up to the U.S. to act. Doing so, we will not only employ Canada's considerable resources but also lighten the impact on our own food and industrial output. . . . Political integration may be desirable, and welcome, someday, but it is not now an issue. Economic union makes sense now. . . . Who's against it, and why?

This piece of unmitigated gall expresses in the crudest form the new line of Wall Street in relation to Canada. The answer to this ultima-

tum is destined to become the pivotal issue of Canadian politics.

The attack on Canada's independence is three-pronged: military, economic, political. It is the application to Canada of the Truman Doctrine, of the U.S. imperialist drive for world overlordship and anti-Soviet war.

The economic, political, and military aspects of "Operation Canada" interpenetrate. All stem from the basic approach of the would-be war incendiaries: Canada as a militarized supply area, war base, and spring-board for aggression.

In the first place, geographic location makes the country the object of avid interest on the part of the U.S. high command. The Toronto *Financial Post* carried a symptomatic front-page dispatch nearly two years ago (June 29, 1946), headed:

CANADA "ANOTHER BELGIUM" IN U.S. AIR BASES PROPOSAL?

Ottawa—A virtual ultimatum from the United States, calling on Canada to fortify her northern frontier, is reported to have hastened Prime Minister King's return from England this month.

Through its membership on the Permanent Joint Defense Board, the United States is understood to have said in effect to Canada:

"In order to do your part in the defensive protection of the American Arctic, we want you to build, or let us build for you, a system of northern frontier air bases to be maintained and equipped as part of the general defensive machinery of this continent."

To a government which, in 1938, completely repudiated British proposals for establishment here of a United Kingdom air training scheme, this bold and forthright proposition has come with thunderbolt effect. Were it to be implemented in its present form, it would mean that Canada had, in effect, abdicated sovereignty along her northern frontier.

Despite admission that "the majority of Canadians would look askance" at proposals directed to turning their country into a battle station, it was intimated that the government at Ottawa would comply with the Washington demands. The claim of Maj. Gen. Curtis Lemay, on behalf of the Washington militarists, that "our frontier now lies across the Arctic wastes of the Polar regions," was soon to be implemented in official form.

On February 12, 1947, a U.S.-Canada Military Agreement was announced. In essence it provided for the *Gleichschaltung* of the Canadian military establishment under the command of the U.S. War Office. Formally, it observed all the niceties of "reciprocity." Formally, it would allow Canada to move troops into the U.S., establish bases in Texas and California, use American military, naval, and air facilities and have full access to the files of U.S. Military Intelligence. That in practice it operated wholly in the reverse direction is of course incidental. . . .

At the time this Agreement was

made public, American troops were already stationed at Churchill, in northern Manitoba, and American bombers were shuttling back and forth in "practice flights" across the North-West Territories, between Greenland and Alaska. Press indications pointed to the presence of some six U.S. bases in the Canadian Arctic.

The strategic positions acquired during the war on Canada's Atlantic flank—the air and naval bases in Newfoundland and Labrador—and the expanded base of northern operations in Alaska, were now to be joined by the official inclusion of the entire Canadian Northland in the American "defense zone."

Within a matter of days of the announcement of the Agreement, four U.S. officers were attached to the Canadian general staff, and others to the defense research board, the adjutant-general's branch, and to the master-general of ordnance.

The transformation of Canada into an outright military protectorate of Yankee imperialism was by now an accomplished fact.

* * *

President Truman, having visited Mexico in March, 1947, in June turned his attention to Canada. The motivation of his visit to Ottawa, where he reiterated his "Doctrine" and hinted at what was shortly to become the "Marshall Plan," was inadvertently revealed on June 13,

1947, by *New York Times* correspondent P. J. Philip:

To Canadians, almost powerless to prevent or influence the trend of events, the constant and increasing cleavage between Moscow and Washington had caused profound uneasiness. . . . They had begun to fear that the U.S. policy was more provocative than constructive.

In his address to the members of the Canadian Parliament, the President reassured them with regard to American aims: "Our goal . . . a wider distribution of the products of the earth's fields and factories among all peoples. . . . The destitute and the oppressed of the earth look chiefly to us for sustenance and support. . . ."

Not immediately explained to our Solons was the fact that this "share the wealth" program was to start with the handing over of most of Canada's natural resources, the control of our economic life, and our political sovereignty, to the philanthropists in Washington. *That* was to be learned only later, and by slow degrees.

A first installment of revelation came with the outbreak of the "dollar crisis," last November. Appearing at first glance in the guise of a mere "shortage of American dollars," the difficulty was in fact somewhat more fundamental.

The postwar deepening of the capitalist general crisis had hit Canada in a peculiar way. It was one of the two imperialist states in North

America which had emerged from the war prosperous and enriched; in 1947, there were 69 per cent more Canadians in jobs than in 1939, producing 50 per cent to 60 per cent more per capita; civilian consumption had increased by 40 per cent, and the rate of investment was more than twice as high as in 1939. Yet the whole foundation of the economy was precarious in the extreme.

Close to a third of the national income is accounted for by export trade; and this trade has hitherto had as its base a triangular relationship involving Britain and the U.S.—a relationship which Britain's post-war bankruptcy has made increasingly inoperative.

The extreme vulnerability of the Canadian capitalist economy has its historic roots in the conditions under which the country evolved from colonial status to the position of a second-rate imperialist power.

In the colonial period, the economy had been directed to the supplying of certain "staples" to the imperial metropolis—furs, timber, and, later, wheat. In the second half of the 19th century the building of the transcontinental railways provided the backbone of industrialization. From industrial capitalism the economy passed into the monopoly, imperialist stage in the first quarter of the present century.

Two points should be noted in regard to the economy of this small imperialist power:

1. While highly industrialized—manufactures in 1939 represented 49 per cent of the total net production, agriculture 23 per cent, and in 1944 the share of manufactures approached 60 per cent—there persisted in the structure of the economy a certain one-sided emphasis. Production for export of partly processed materials of mineral and forest origin held a key position, while fully manufactured items, particularly in basic tools of production, constituted an important part of the country's imports.* In 1946, food products constituted 37 per cent of our total exports, forest products 27 per cent, base metals 10 per cent.

2. Canadian imperialism emerged within the *British* imperial setup, and developed as an area of large-scale *American* monopoly-capitalist investment. As a secondary imperialist power, Canada inevitably bore the imprint of those "transitional forms of dependence" of which Lenin spoke in *Imperialism*. The position is illustrated both in the external trade picture and in the capital investment structure.

In 1946, almost three-quarters of all imports were from the U.S.; close

to 40 per cent of Canada's exports went to the U.S., and another 26 per cent to the United Kingdom. "The United States appears to have a firmer grip on the Canadian market than it did before the war," the official *Canada Yearbook*, 1947, comments. Half of the American purchases from Canada were forest products, half of these being in the form of newsprint; two-thirds of United Kingdom purchases were foodstuffs.

In 1939, foreign capital in Canada was estimated at \$6.9 billion. Of this, \$4.2 billion was American, \$2.5 billion British.

In 1945, foreign investments in Canada totalled \$7.1 billion. U.S. capital now accounted for \$4.9 billion, British for \$1.7 billion. In manufacturing, about one-third of the total capital is now U.S.-controlled, with outright U.S. dominance in the following key industries: auto, rubber, electrical, oil refining, chemicals, non-ferrous metals.

Private Canadian investments abroad totalled \$1.3 billion in 1945, or slightly less than in 1939. (Of the direct investments in businesses outside Canada, a substantial part is represented by branch and subsidiary lines of the Canadian railways in the U.S., and by investments of U.S.-controlled Canadian subsidiaries in Empire and other countries—Ford, General Motors, Imperial Oil, etc.).

After operating for over half a century within the framework of a

* Percentage of imports and exports by degree of processing, in products of mineral and forest origin (1939):

	Imports	Exports
MINERAL		
Fully manufactured	71%	30%
Partly manufactured	4	52
Raw material	25	18
FOREST		
Fully manufactured	81	56
Partly manufactured	17	35
Raw material	2	9

(*Canada Yearbook*, 1941)

triangular trade relationship—selling to Britain and other countries more than was purchased from them, and using the proceeds to cover a large trade deficit with the United States—Canadian capitalism is now confronted with an acute crisis. The triangle is no longer workable, thanks to the "dollar crisis." The uneven development of capitalism, accelerated to an extreme degree, has completely undermined the weak foundations of Canada's trade structure. A drastic reorientation of national policy has become an inescapable necessity.

Either a reactionary or a progressive solution is possible.

The Canadian bourgeoisie, with hereditary syncophantism, has chosen the former. In the face of the clear prospect of impending economic crisis, the country is to be still more firmly committed to the storm-laden economy of Wall Street.

The Abbott Plan (named after the Dominion Minister of Finance who has sponsored it) proposes to "solve" the problem by combining the reduction of living standards of the masses (through increased taxes and import restrictions) with moves in the direction of de-industrialization of the economy. The leader of the Labor-Progressive Party, Tim Buck, last January characterized the scheme as follows:

It is a plan to make Canada's national economy tributary to United

States finance-capital and its great monopoly industries.

It is a plan to hinge Canada's economy increasingly upon the production of raw materials and specialties, such as newsprint, for United States industry. It is a plan to reduce the weight of the finished goods industries in our national economy. Even worse, it is a plan to wipe out Canadian sovereignty by giving the United States government a direct voice in deciding the direction and level of Canada's economic development.

The Canadian monopolists make much of their hopeful expectations regarding the Marshall Plan. Here is supposed to be found the "justification" for the subordination of Canada's economy to the U.S.

The loud fanfare which accompanies current speculations about the manna to be dropped by the all-wise Washington philanthropists effectively drowns out the not-so-pleasant truth. Manufactured goods in the list of possible E.R.P. orders from Canada amount to less than five per cent of the total; the majority of exports to be purchased will probably consist of wheat, other foodstuffs, timber. The outcome will be—further dependence on raw material exports, heightened U.S. domination of the economy.

The readiness of the Canadian finance-capitalists to turn the country into a raw materials supply base for the American war machine was illustrated by the annual report of Mr. S. G. Dobson, president of the

Royal Bank of Canada. Greeting the Marshall Plan, he proceeded to offer his country for sale:

Use of Canada's resources will relieve the strain on U.S. resources. . . . We have many natural resources not to be found in the U.S., and many which are becoming scarce in that country. . . .

Two days earlier (January 6, 1948), the New York *Herald Tribune* had published an editorial on Canada, in which it referred to this country as one which "contains natural riches comparable to those which we have been exploiting, and still virtually intact. . . . In exchange for our finished goods we shall be able to call upon her wealth in pulp and paper stock, in lumber, fur and minerals." Then, to make the point quite plain: "The bonds of friendship between us have become hooks of steel."

Whose are the hooks, and whose the flesh, would seem sufficiently apparent!

Speaking in Parliament in the third week of March, Finance Minister Abbott made quite explicit the basic orientation of the King government's economic policy:

Instead of using labor in Canada to convert the metal into things our own people consume, we shall sell the raw materials. We can sell all the copper, all the nickel, all the aluminum and so on, we produce; and we can sell it for hard currency.

Indeed, for hard currency one can

sell one's country. In that transaction the Canadian ruling class is busily engaged.

* * *

In 1931 the Statute of Westminster, adopted by the British Parliament, gave legal recognition to the equality of status of members of the Commonwealth, "in no way subordinate, one to another." The Canadian bourgeoisie, having entered the monopoly-capitalist phase of development, had asserted their *de facto* independence in the years following World War I.

Today, the Canadian bourgeoisie is consummating the most brazen and far-reaching betrayal of a history that numbers many such betrayals (from the defeated Revolution of 1837 onwards). Despite differences as to method, and variants in approach dictated by degree or character of British or Canadian investment-interest, the ruling class is taking the path to a new colonialism. Canada as the satellite-adjunct of American imperialist reaction—such is the bright prospect held forth by the policies of Mackenzie King.

In the manner of the men of Vichy the artisans of national betrayal invoke the "menace of Communism" as the unanswerable justification of any and every infamy. The same pretext serves as the means to the carrying through, on a pattern inspired by U.S. reaction, of measures directed toward fascist militarization.

On March 8, John Foster Dulles

addressed the Canadian Club in Toronto; he was reported as having told the people and government of Canada: "Get busier in Pan-American defense!" A week later, Mackenzie King spoke at length in the House of Commons on his tireless efforts to promote an anti-Communist crusade. The picture in the country as a whole today indicates that some at least of his U.S. mentors' orders are being carried out.

Trade union rights and civil liberties are under fire from coast to coast in Canada today—because Wall Street's militarization program requires the trampling of democracy in every sector of its sphere of operations. The aim of wrecking militant trade unions in the marine, mining, and lumber industries is held up as a "strategic necessity," as a logical move toward preparation for war.

The application of the fascist-type "Padlock Law" against the French-Canadian labor weekly *Combat* in Quebec is not unrelated to reaction's fear of the anti-imperialist, anti-conscription stand of the French-Canadian masses.

The exclusion of Harry Pollitt from Canada, simultaneously with the barring from Puerto Rico of Juan Marinello, Cuban Communist Presidential nominee, is part of the emerging pattern of a U.S.-dominated hemisphere war-base.

The threat to ban the Labor-Progressive Party under the pending

LaCroix Bill is by no means unrelated to the fact that this party's chief campaign slogan is: "Keep Canada Independent!"

Yet despite the "Red scare" ballyhoo and provocation, the masses of Canadians are not being so easily stampeded. In a Gallup Poll report of March 27 it was indicated that 42 per cent of those questioned felt that the greatest single problem facing the country was that of high prices, the high cost of living—and 4 per cent answered "Communism." Considering that the press and radio are outdoing themselves in efforts to prove that the issue is the "menace of Communism," it would appear that the hysteria-inciters are falling short of full success.

Nevertheless, reaction is far from being halted in its tracks. Canadian Communists, fighting for a new national policy in opposition to the Abbott Plan, fighting for the independence of Canada and the defeat of her would-be betrayers, are working to bring about the broadest united front of labor, the farmers, and all democratic Canadians.

The struggle for people's unity in defense of Canadian independence is still in its early stages. With the coming series of provincial and federal elections the battle will sharpen.

The betrayers of the nation have begun—despite themselves—to reveal the nature of their handiwork.

The people, who *are* the nation, have yet to speak.

A COMMENT ON STATE CAPITALISM AND SOCIALISM

BY JAMES S. ALLEN

IN MY BOOK *World Monopoly and Peace*, written during 1945 and published in 1946, an attempt is made to analyze the principal changes in basic world relations resulting from the war. The general estimate holds up well in the light of everything that has happened in the past two years. However, events have shown that the portion of the book dealing with changes in Eastern Europe contains an incorrect estimate. Since the book was written, the new people's democracies have progressed far beyond the limited horizons I had foreseen. With every passing day it becomes more obvious that the People's States of Eastern Europe represent, after the Russian Revolution of November, 1917, the second major advance toward socialism.

Fortunately, from the viewpoint of historic advance, this portion of my book is inadequate. Unless corrected it may become an obstacle to understanding the world significance of the turn in Eastern Europe, and may also become a source of erroneous theories with respect to de-

velopments in the West. I therefore welcome a serious and authoritative review of my book which has recently appeared abroad, in which the reviewer challenges my estimate of the People's States, and also raises certain theoretical questions pertaining to my treatment of state capitalism.

The review appeared in the *Bolshevik**, No. 20, of October 30, 1947, and was written by I. Kuzminov, a member of the Editorial Board. The reviewer summarized the book, section by section, for the Russian reader. He emphasized especially those portions of the book which discuss the role of capitalist monopolies in connection with the second world war and their present role as instigators of a new war.

Of the fourteen pages in the magazine devoted to the review, the last two pages call attention to the weaknesses and shortcomings of the work, referring in this connection to Chapter XII on "State Capitalism, Fascism and Democracy." Before turning to a discussion of the questions raised by the reviewer, I quote for the reader's benefit the critical part of the review in full.

I. KUZMINOV'S CRITICISM

"It is also necessary to note the defects and weak points of Allen's book. The most serious defect is his erroneous interpretation of the eco-

* The political and theoretical organ of the Central Committee of the Communist Party of the Soviet Union, published weekly in Moscow, with a circulation of about one quarter million copies.

economic basis of the new democracy in the countries of Eastern and South-eastern Europe.

"In order to characterize the basis of the new democracy, he constructs his 'theory' of state monopoly capitalism. In his opinion, state monopoly capitalism may be reactionary and imperialist, but it may also be progressive and democratic. He considers it necessary to 'distinguish between imperialist state capitalism, government intervention in favor of the monopolies and reaction, and democratic state capitalism, government intervention in favor of the people as a whole and against the monopolies and reaction.' (P. 258.)

"The reader already surmises that Allen defines the economic basis of the new democracy as state monopoly capitalism in its 'progressive' and 'democratic' form. From this angle he examines all reforms realized in the countries of the new democracy, among them the nationalization of industry, and evaluates them as measures of state capitalism.

"Evidently Allen does not see how much nonsense is contained in his invented concept of 'progressive,' 'democratic' state monopoly capitalism, supposedly serving the interests of the people, and how his evaluation of the economic basis of the new democracy distorts the character of the most important democratic reforms.

"If capitalist monopolies generally denote reaction, then state monopoly capitalism is the basis of the blackest reaction.

"Lenin spoke of the 'progressive character' of state monopoly capitalism only in one sense, *i.e.*, that state monopoly capitalism, as the highest possible stage of socialization of production within the framework of capitalism is 'the fullest *material* preparation for socialism, is its threshold, is that rung on the historic ladder between which rung and the one called socialism *there are no intermediate rungs.*' [*Collected Works*, Vol. XXI, Book I, p. 212.—*Ed.*]

"Lenin stressed and reiterated this idea. But James Allen, while citing Lenin, asserts that such an intermediate step is possible—that 'progressive' and 'democratic,' that is, ennobled and hallowed, state monopoly capitalism is such a step.

"Evidently Allen considers possible the co-existence of monopoly capitalism with revolutionary democratic power. 'State monopoly capitalism,' he writes, 'can become progressive *in reality*, can become a step toward Socialism, can be made to benefit the whole people only when the state is in the hands of a revolutionary democratic coalition.' [*World Monopoly and Peace*, p. 258.—*Ed.*] In other words, the author considers possible a peculiar division of power, political power being in the hands of a people's democracy while full economic power is retained by the monopolists.

"Such a situation, such a division of power may actually take place, but only for a very brief period. For it is a case of either-or: either the

monopolies, having the effective power, would oust such a government; or the government would liquidate the power of the monopolies. The latter case would indeed constitute a step toward socialism. This is precisely what Lenin emphasized—that a revolutionary-democratic government cannot halt midway. Having captured political power, it must liquidate the power of monopoly capital in the economic field, it must proceed to nationalize the banks, trusts and syndicates, to organize national control of production and distribution. These are steps toward socialism, and Lenin stressed repeatedly that 'it is impossible to go forward without going toward socialism.'

"Allen writes that the program developed by Lenin in his work *The Threatening Catastrophe and How to Fight It* 'was a program for the establishment of complete state capitalism,' and that this program did not change property relations an iota. But this is incorrect, of course. Lenin stressed 'that the regulation of economic life, if it is to be realized in earnest, demands a simultaneous nationalization of both banks and syndicates.' [*Op. cit.*, p. 130.—*Ed.*] Lenin showed that revolutionary-democratic power means a resolute, relentless struggle against the monopolists. Nationalization of the banks, trusts and syndicates, Lenin emphasized, must be carried through with determination, breaking the resistance of the exploiters by taking all necessary measures, including

even the confiscation of the personal property of the monopolists, directors, board members, and large shareholders, and their imprisonment for sabotaging and impeding the task. Lenin warned that the monopolists would not give up their positions without a fight, and he foresaw the need for resolute measures to suppress their resistance.

"In order to do something serious, one must pass, in a really revolutionary way from bureaucracy to democracy, *i.e.*, declare war against the oil kings and shareholders, decree the confiscation of their property, and jail sentences for delaying the nationalization of the oil industry, for concealing incomes or accounts, for sabotaging production, for not taking steps toward increasing production.' [*Op. cit.*, p. 192.—*Ed.*]

"Is such a war against monopolists compatible with the preservation of the power of the monopolists? Is it compatible with the preservation of the old property relations? Naturally not. It signifies undermining the power of the monopolists and intervention in the sphere of capitalist ownership, which in its development must lead to decisive liquidation of monopoly rule and the establishment of a socialized sector in the country's economy.

"Lenin unequivocally pointed out that such measures as indicated above constitute steps toward socialism.

"The experience of the new democracies clearly confirms the truth

of Lenin's view that a revolutionary democrat is not afraid of socialism but courageously advances toward socialism. The experience of these countries shows that decisive struggle against the forces of reaction could not stop midway, that revolutionary democracy, once in power, advanced courageously and could not but advance toward decisive reorganizations in the economic sphere, which form the foundation for the development of these countries along the road to socialism.

"The new democratic power in Yugoslavia, Bulgaria, Romania, Poland, Czechoslovakia, Hungary, and Albania," said Comrade Zhdanov in his report to the information conference of representatives from a number of Communist Parties, 'supported by the popular masses, was able to carry through in the shortest possible time such progressive democratic transformations as the bourgeois democracies are incapable of achieving. The agrarian reform has given land to the peasants and has brought about the liquidation of the class of the landed gentry. The nationalization of large-scale industry and of the banks, as well as confiscation of the property of traitors who collaborated with the Germans, have radically undermined the positions of monopoly capital in these countries and have freed the masses from imperialist enslavement.

"The basis was laid for State, national, ownership and a new type of State was created—the people's Republic—where power belongs to

the people, where big industry, transport, and the banks belong to the State, and where the leading force is the bloc of the laboring classes of the population headed by the working class. As a result, the peoples of these countries not only rid themselves of the grip of imperialism; they also laid the basis for the transition to the road of socialist development.'

"In the economy of the countries of the new democracy, monopolists no longer play a role. Consequently, one cannot speak of state monopoly capitalism in these countries. A capitalist sector does exist, but it is not the leading and decisive sector. Private capitalist economy and state capitalism exist there as separate formations, but they are not the leading and decisive factors. The economy in the countries of people's democracy is a many-sided economy; however, the leading role is played by the socialized sector. In carrying through the nationalization of industry and the banks, the governments in the countries of people's democracy have undertaken measures of a socialist character, and have taken a serious step on the road toward socialism. This not only helped to dispose of the deep roots of internal reaction but enabled them also to lay the groundwork for the transition of their countries toward socialist development. In vain is James Allen's fear to acknowledge this fact, which is of enormous historical significance.

"The noted defects of Allen's book

are the more regrettable since the basic part of the book is written with evident knowledge of the subject, and the material is analyzed from correct positions. In its basic part, Allen's book is of great interest and will unquestionably be useful."

II. COMMENT ON THE CRITICISM

Kuzminov correctly points out that the most serious defect of the book is to be found in the treatment of the economy of the new democracies. I was coming to similar conclusions. Since the book was published, developments in the People's Republics and more complete information that became available on this side of the Atlantic showed my estimate was incorrect. Above all it suffered from failure to appreciate the socialist character of nationalization by the People's States of industry, banking, transport, and mineral resources. In addition, the approach to these questions led to certain erroneous concepts with respect to state capitalism in general.

1. *The New Democracies*

The establishment of the new People's States represents a basic shift of world relations in favor of socialism. These states are withdrawn from the world orbit of monopoly capital, from the imperialist sphere. As an outgrowth of their national liberation struggle during the war, the peoples of the new democracies in their own way, in accordance with the specific circumstances of their

country, are enlarging the socialist sector of the world. Despite many variations in the form and tempo of their postwar development, the People's States have this in common: within these countries the dominant positions have been gained for making the transition to socialism.

In my book I emphasized many of the new and revolutionary developments, but only up to a certain point, that is, short of the most dynamic feature, the creation of a state-owned, socialist sector from which the entire economy can be led to socialism. To characterize the nationalized sector as state capitalism is both incorrect and an underestimation of the historic turn. The distinguishing feature of this change is its socialist core, which determines both the nature of the transformation and the direction of its development. This was the central "omission" in my analysis, from which all else followed.

What is the source of this mistake? Kuzminov contends that it stems from a theory of "progressive state monopoly capitalism." This criticism led me to examine closely the theoretical approach of the book as a whole.

In the rest of the book I combat similar theories, such as the possibility of organizing world capitalism and overcoming its inherent anarchy through cartels and world trusts. I also combat the related theory of "progressive" imperialism of which Earl Browder is an advocate. The concepts of the unequal development

of capitalism and of the general crisis of capitalism, both characteristics being simultaneously deepened as the result of the war, are basic in the book to the entire analysis of world relations. The new aggressive role of American imperialism, and the new dangers of war and fascism arising therefrom, are clearly described. Obviously, it would have been impossible to estimate the post-war situation correctly, especially in 1945, from the theoretical viewpoint of "progressive state monopoly capitalism," which, as I point out in relation to "progressive" imperialism, is a contradiction in terms. (P. 190.)

Nevertheless, it seems that certain contradictions and elements of confusion did creep into my theoretical approach. I was not "constructing" a theory of "progressive" monopoly capitalism. But somehow certain elements of such a theory did appear in my work. In my opinion, this contradiction arises from a mechanical comparison between the Socialist Revolution in Russia and the transformation in Eastern Europe after World War II.

Great historic events like the Socialist Revolution of 1917, which opened a new world epoch, create a certain precedent, a certain classic form, with which all succeeding revolutions are inevitably compared. As concerns the essence of such events there is much in common, for the essence of the revolutionary process in this period is development toward socialism. But as concerns the specific road and the form, many vari-

ations are inevitable. In the presence of such events it is often easy to lose sight of the substance of the change because the form it assumes may differ greatly from the classic precedent.

This was the case in my approach to the People's States of Eastern Europe. Essentially the initial socialist turn was taking place, under working-class leadership and also in alliance with the peasantry, as was the case in Russia. Naturally, the revolution expresses itself not in accordance with the immediate precedents or the specific conditions of the Russian Revolution, but within the context of the entire preceding experience common to these countries, and with variations arising from the prevailing conditions and the traditions of each country. Their revolutions are an outgrowth of the struggle against fascism and national enslavement. This struggle during World War II produced a new form of people's power, the national liberation committees and the people's fronts, which also established a new form of government, the People's State, when the completely discredited collaborationist-bourgeois regimes were defeated in the war. Thanks to the Soviet Union, these small countries do not stand alone. Some even are likely to proceed more swiftly along the socialist path than was the case in Russia after the Soviets took power in 1917.

These new and unique forms typical of the People's States are the product of the specific transformation

which occurred in Eastern Europe. Although retaining some similarities with the bourgeois parliamentary form of government, they express the people's power, under the leadership of the working class, but in another form than occurred in Russia. The basic turn is toward socialism, and the content of the People's State is the alliance of the workers, peasants and other people's strata, under the leadership of the working class. The direction is toward the further consolidation of the people's power and the building of socialism.

Failing to recognize in full the real content of the change in Eastern Europe, I sought in Lenin's famous pamphlet, *The Threatening Catastrophe and How to Fight It*, written six weeks before the Russian Revolution, the germs of a program of state capitalism that would "explain" theoretically the content of the People's States as an intermediate stage between capitalism and socialism.

Naturally, although state capitalist measures were not absent from his program, Lenin's policy was not for the realization of "full state capitalism," before or after the socialist revolution. It was a policy for going over to socialism, *once a revolutionary democratic alliance had gained power*. Lenin's concept, once it is properly understood, illuminates the real course of development in Eastern Europe. It cannot be used to justify the theory of state capitalist development of the new democracies.

Even as the war came to an end, the old capitalist-landlord govern-

ments in Eastern Europe were already being replaced by people's governments, in which the working class led by the Communist Party held the initiative. This process was completed earlier in Yugoslavia, later in other countries. Today, while the struggle against the reactionary forces remains sharp, the problem is no longer the initial coming to power but to consolidate the *People's power already gained*, to strengthen the *socialist sector already established*, to fortify the alliance between the workers and the peasants *already expressed in the People's State*, and to embark on the course of socialist development.

Failure to recognize the socialist turn that was actually taking place, led to another mistake—to the concept of an intermediate stage between monopoly capitalism and socialism. The implications of this concept are far-reaching, affecting the perspective toward monopoly capitalism in the West as well as the estimate of the new democracies.

Actually, as can be seen from what happened in Eastern Europe, an intermediary stage does not exist, only a period of transition in which the contending forces fight it out. But once the people's forces gain political power, the transition is to socialism and not to some "democratic capitalist" form of state. Even in the economically backward countries, which have been subordinated to international monopoly capital, state capitalism as the predominant and central sector of the economy cannot

bé democratic. It can be only state *monopoly* capitalism, and these countries remain adjuncts to imperialism.

State capitalism signifies measures of state control and ownership without a change in the basic capitalist relations of production. Had the East European countries carried through nationalization in the manner of state capitalism, it would be incorrect to speak of a basic social change, of a socialist change. For the foreign monopolies, which were strongly entrenched in these countries, and the native capitalists mainly dependent upon them, would continue to exploit the workers even within the nationalized enterprises. The state would pass on to the capitalists the surplus value produced by the workers in the nationalized industries. These countries would then remain capitalist in their entirety, with a large measure of state control for the benefit of the monopolists. And they would also remain semi-colonial—vassals of the imperialist powers.

But just the opposite occurred in Eastern Europe. The people's power was established. The nationalized sector became predominantly socialist from the start, the main economic foundation of the People's State. A beginning was made in ending the exploitation of man by man, in the emancipation of the workers from class and national oppression. An end was put to the draining of surplus value and natural resources out of the country, thus ending tutelage to imperialism. The transition to

socialism had begun. This is the opposite of state capitalism. This is what Lenin meant when he wrote: "Socialism is nothing but the next step forward from state monopoly capitalism."

In possession of the nationalized sector, the People's State can now proceed to build up the socialist factors of the economy, which are also the most important branches of the economy. From this vantage point the People's State can strengthen the alliance between the workers and the peasantry, establishing a firm link between socialist industry and agriculture. The state sector of trade can now also be extended, and the co-operatives can be brought into closer relation with the state. Social planning can begin—as shown in more complete form by the Five-Year Plan of Yugoslavia, and in initial stages by the two- and three-year plans of the other People's Republics.

Of course, state capitalism plays a secondary although still important role in the new democracies, if state capitalism in these countries is understood as regulation by the People's State of the private capitalist sector in small industry, trade and agriculture. Its aim is to control and direct the private capitalist sector in the interests of the over-all plan of development toward socialism. This is no longer state capitalism as it exists in the capitalist states. The People's State employs measures of state regulation over the capitalist sector, to contain and subordinate it, to diminish its role in the econ-

omy, and eventually to eliminate it. Socialism is the permanent element, which will grow until it eventually characterizes the entire economy. The element of state capitalism is transitory, for the private capitalist sector itself is temporary, being increasingly subordinated to the socialist sector. The disappearance of private capitalism, and with it of state capitalism, is already being prepared by the further advance toward socialism.

Within the capitalist sector private accumulation continues, although it is held in check by the People's State. But the general environment within which it operates increasingly prevents the capitalist sector from transmitting its inherent anarchy to the economy as a whole. Anarchy within this sector persists, for it is an inescapable trait of capitalist production, but it is leashed by the People's State, and it is overshadowed by the planned production of the growing socialist sector. Under these circumstances, alongside socialist production in basic industry and the growing weight of state trade and finance, state controls can be used to co-ordinate the private sector with the general plan in such a fashion as to diminish and contain its anarchic elements. Thus, the position is won for eliminating crises and unemployment. On the other hand, state monopoly capitalism, no matter how highly developed, cannot overcome the anarchy of production typical of capitalism. Therefore, it cannot eliminate crises and mass unemploy-

ment as the regularly recurring features of capitalism.

The matter is more complicated in agriculture, the most fertile source of the "free" market and of private accumulation within the countries of the new democracy. However, regulation of the market by the People's State and the growing weight of the socialist sector open the way to overcoming the backwardness of small-scale peasant production, and lead toward the transformation of agriculture in a socialist direction. Peasants' production co-operatives represent a transitional form from private peasant agriculture to collective farming. But these still account for only a small portion of agricultural production, although they are growing. Private ownership in land remains as a general characteristic, as does private accumulation by the peasant after payment of the tax to the state. Because of its ownership of basic industry, transport, and banking, the People's State can directly help the peasant improve his output, can supply cheap state credit for the modernization of agriculture and for co-operative production with machines, can improve the position of the poor and middle peasant at the expense of the rich peasant, and can gradually replace private trading and credit among the peasantry with state and co-operative trading and banking.

The theory of state capitalist development in Eastern Europe is not only incorrect but it is useful to the forces seeking to hinder socialist de-

velopment. These forces would like to undermine the state socialist sector by increasing the role of the capitalist elements within it, directly as well as through trade. They would like to drag state enterprise back to capitalism, to transform it into state capitalist industry managed by the state for the benefit of the former private owners. Eventually, in this manner they hope to return the nationalized industries to the foreign monopolies and the domestic capitalists. The reactionary elements also seek to dominate completely small peasant agriculture and the co-operatives, and direct them against the socialized sector. It is all the more necessary to understand this, in America because the monopoly capitalists of the United States continue their efforts to halt the new socialist advance by encouraging the capitalists within the new democracies, by supporting the political groupings seeking a return to the capitalist way, and by economic blockade and atomic bullying.

For the reasons already discussed, the concept of "democratic" state capitalism as an intermediary stage between capitalism and socialism is false. Such a theory can even play a reactionary role. It also can distort our approach toward the problems of the people's struggle against monopoly and reaction in the West.

2. Perspective in the West

The theory of state capitalist development in Eastern Europe as an

intervening stage is linked with similar concepts regarding the principal countries of monopoly capital. A number of passages in this portion of the book imply that a stage of "democratic" state capitalism is to be expected in Britain and the United States before the transition to socialism.

With respect to Britain, I pointed out correctly that the nationalization measures of the British Labor Government served the interests of the monopolists, who continue to receive from the state the surplus value of the workers in the nationalized sector. "The Labor Party," I wrote, "had merely taken over imperialist state capitalism, and continued to run things very much in the old fashion." But I also added: "Imperialist state capitalism would have to be transformed into democratic state capitalism by the working class and the popular forces, in their advance to socialism, before any worthwhile progress could be made" in solving the basic problems of the British people. (P. 267.)

The question is not to transform imperialist state capitalism into "democratic" state capitalism. In this context this may be misconstrued to mean what the Right-wing Laborites call "democratic socialism"—socialist phrases, but deeds in the interests of monopoly capitalism. The question is to find the specific path of transition from monopoly capitalism to socialism. A real "advance toward socialism" can be made

only as the working class, ridding itself of reactionary Social-Democratic influences, together with its popular democratic allies gains the decisive state positions for carrying through socialist measures.

A similar confusion arises in dealing with state monopoly capitalism in the United States. On the one hand, I pointed out correctly that state intervention serves the interests of monopoly, and that very extensive intervention in the economy has occurred only in the special conditions of war, preparations for war, or of economic crisis. But I add: "It is also true that under peacetime conditions state capitalism develops in direct proportion to the weakening of capitalism within the country, and that it may assume a reactionary or democratic form depending upon the specific relations of class forces." (P. 253.)

The first part of this statement is correct. The second part carries forward the concept of an intermediate stage of "democratic" state capitalism, and is therefore incorrect. Without a people's government, and the uprooting of the monopolies, state monopoly capitalism cannot be transformed into its opposite, and measures of state regulation can neither eliminate the basic anarchy of the system nor assume a truly democratic character, a socialist character.

No doubt the specific course of development in Britain and the United States will be quite different than in Russia in 1917 or in Eastern Europe

after World War II. Certainly, important variations are also to be expected as between Britain and the United States, or other capitalist countries. However, the substance of any real turn in this period is socialist, and not from monopoly capitalism to some form of "democratic capitalism," although a "mixed" economy may exist for a period after the transition has begun and before a country becomes completely socialist.

It is also obvious that the political struggle itself, and the general conditions under which it proceeds during the period preceding a change in state power, determine the form of the people's state and the specific path of transition to socialism. As can be seen in Italy and France, where the question of state power is on the order of the day, the depth of a political crisis does not in itself change the nature of the capitalist state, despite the fact that various state capitalist measures are deemed necessary. Capitalism and the capitalist state remain reactionary, and nothing that can be done to them even when they are on the verge of transition can change that basic political characteristic. The change can be brought about only by the transfer of power to the working class and its allies, the prerequisite for the transition to socialism. There is no intermediate stage between capitalism and socialism.

At this time in the United States the level of the political struggle has not attained the point where a peo-

ple's state is on the order of the day. The question is different. A broad people's movement is developing against the growing danger of war and against reaction. It is the beginning of a movement of popular resistance and defense against the warmongers and the inroads of reaction. Its main significance is its anti-war and anti-fascist character, and on these questions it finds common ground with the forces of democracy and socialism the world over. But in its present phase the people's movement in the United States is not directed toward a basic change either in the state power or in the capitalist system. It will develop in that direction, in the course of the struggle against war and reaction. In the meantime, the program commonly accepted by the anti-war movement is concerned with changes in national policy and such demands as can be properly called reforms, along the lines of governmental measures that would immediately benefit the people.

In this situation, when the development of the people's anti-war movement is of paramount importance, I think it necessary to avoid, on the one hand, a negative approach to such concessions and reforms that can be won by a people's movement, and on the other hand, confusion with respect to the basic forces involved. The people's movement in the United States can become a formidable barrier halting the aggressive drive of monopoly capital abroad and at home, and in

doing this also develop the forces that can effectively challenge the power of the monopolists. This is its great significance. The development of this movement, and the important victories it can win if it is powerful enough, does not mean that American imperialism is capable of pursuing a progressive course, or that it is entering upon an intermediate stage of "democratic capitalism." The people's movement should be directed against monopoly capital and imperialism. It now demands as the central "concession" from the imperialist government that it end the drive toward war and fascism.

In my book I warned against a formal approach to the problem of nationalization, that is, without regard to its content and the type of state power. We have seen that in every basic social transformation, whether in Russia after the first world war or in Eastern Europe today, nationalization played a key role. But this does not mean that every measure of nationalization undertaken by whatever government is a progressive act. Aside from their material significance in hastening the process of socialization of industry (while accumulation remains private), nationalization measures play quite a different role in the hands of a capitalist state than in a People's State.

As long as the state remains as is, measures of state capitalism, including nationalization, are in substance reactionary; for they lead to an ever closer merger of monopoly capital

and the state. This was seen most clearly in Nazi Germany, where the state reached the apex of complete merger between the cartelmasters, Junkerdom and the governing apparatus. A similar degree of merging also took place in Japan between the monopolies, the militarists who retained their semi-feudal roots, and the state bureaucracy, including the Emperor circle. This is the direction of the development of state monopoly capitalism in general, although it may be further advanced in one country than in another.

During the war, merging of monopoly with government reached new levels, not only in Britain, but also in this country. Government war industry and the wartime economic controls were firmly in the hands of the trusts. Decontrol was also carried out primarily with a view to the postwar interests of the monopolies. And today, despite the outcry of the reactionaries against government enterprise in general and despite their constant eulogies to pure "free enterprise" (for fear of democratic controls), the monopolists retain firm control through management and lease of the sizable industries owned by the Federal Government. These are the national enterprises devoted to war preparations: like the atomic energy industry, the synthetic rubber industry and many standby munitions plants. There is also noticeable a trend toward imposing again various Federal controls, similar to the wartime controls, which would facili-

tate the growth of a new war economy.

Thus, more regulation over the economy or more nationalization by a capitalist state does not in itself change the character of the state nor transform the essence of its politics. State capitalism in this country reached a relatively high level during World War II, but this neither changed the just character of the anti-Axis war nor made progressives out of the American monopolists. However, it did extend the merger of monopoly and government, which matured even further after the end of the war. This closer merging could not help but produce the most reactionary political effects, the full force of which is now increasingly being felt in the realm both of domestic and foreign policy.

Whether a specific measure of state intervention or nationalization should be supported by progressive forces must be determined, not by an abstract approach to nationalization in general, but in relation to the role that a specific measure would play. In the present situation such economic measures by the state would be predominantly part of the preparations for war.

State monopoly capitalism develops the objective material conditions for a transition to socialism. But *only* the *material* conditions. The political essence of state monopoly capitalism remains reaction. And reaction must be fought by political means. The success of the political struggle prepares the transition to

socialism, and not some new form of capitalism.

While much of what I have said is clearly stated in my book, the contradictions and confusions pointed out earlier tend to distort the general perspective. The theory of state capitalist development in Eastern Europe and the concept of "democratic" state capitalism as an intermediate stage are interlinked. Both concepts are erroneous. Objectively, they give certain aid and comfort to

those who construct a theory of "progressive" imperialism or "democratic" monopoly capitalism, which serve to conceal the reactionary and aggressive essence of imperialism.

If corrected in time, a mistake can be turned into an advantage providing we achieve greater clarity in the process. There is much still to be said about the questions touched on here. It is to be hoped that this will encourage further discussion.

"A great international demonstration must be organized to take place at a certain time and in such a manner that simultaneously the workers in every country and every town should demand of the public authorities the limitations of the working day to eight hours and the operation of the other decisions of the Paris International Congress.

In view of the fact the American Federation of Labor at its Congress held in St. Louis in December, 1888, decided to hold such a demonstration on the First of May, 1890, that day is accepted as the day of the international demonstration.

The workers in the different countries are to organize the demonstration along lines dictated by the conditions of their country."

*Resolution of the First Congress
of the Second International, 1889.*

THE SHAM REVOLT AGAINST TRUMAN

BY MAX GORDON

HISTORIC FACTS AND PERSONAGES, said Marx, citing Hegel, occur twice—"the first time as tragedy, the second as farce."

Half a century ago, the nation was headed by a Democratic president as thoroughly a creature of the banking interests of Wall Street as is Mr. Truman, and as completely surrounded by them.

Then, too, there was a movement to replace President Cleveland by a Democratic Party candidate who might prevent mass desertion from that party to a third party. But where the revolt against the monopoly-dominated Cleveland Administration within his party was genuine ("tragic" in the rhetorical sense in which Hegel used the term), the present effort to substitute a Democratic candidate for Truman is certainly a historic farce.

ALTGELD FIGHTS CLEVELAND

The Democratic Party of 1896 was confronted with the Populist movement, which had captured five states and had elected many Congressmen from the South and West two years earlier. The existence of this independent movement made it possible for the inner-party foes of Cleveland

to line up the Democratic machines in sufficient strength to replace him.

"As has been seen, the Democrats who controlled the convention in Chicago made this platform and named their candidates with a view to securing the endorsement of the Populists," said a political handbook of the day published by the Non-Partisan Bureau of Political Information. "It was thought with their support enough Western states could be carried to insure the election of the Democratic candidates."

But the opposition to Cleveland did not stop merely at changing candidates and writing a Populist-sounding platform. It repudiated his Administration, the only time in American history that a political party did this to its own President.

This opposition was not simply one of electoral expediency. Led by the great Governor Altgeld of Illinois, it was built upon the bitterness and the hostility of a very large section of the Democratic Party to the monopoly program of the Cleveland Administration. The hostility could break through and sway a convention because party machines had not yet fastened their hold upon the apparatus everywhere throughout the nation as tightly as is the case today.

The anti-Cleveland opposition was confused, sometimes naive, and often misled in the positive measures it advanced to combat Wall Street's rule. But it was symbolized in the struggle between President Cleveland and Governor Altgeld when

Cleveland sent U.S. troops to break the Chicago Pullman Co. strike.

The 1896 Democratic Party convention named as its Presidential candidate a demagogue and slick phrase-maker, William Jennings Bryan, who knew how to mouth the discontent of the people. This was largely because the real leader, Altgeld, was foreign born and hence ineligible. But the reality of the differences between the Altgeld-led wing of the Democratic Party and the nation's financial masters can be gauged by the ferocity of the pre-convention struggle within the Democratic Party and by the campaign of slime and terror waged by the industrialists and bankers against the Altgeld-sponsored Democratic ticket in the election itself.

THE INNER-PARTY OPPOSITION TO TRUMAN

It does not appear likely, at this moment, that the Democratic Party convention in July will eliminate President Truman. But whether it does so or not, there is clearly no real struggle today within that Party between those who desire Truman's renomination and those who do not.

Those who want him replaced are suggesting politely that he remove himself from the scene and that the party leaders name someone else who can be elected. Even the Southern tory crowd, which blustered a bit after Truman's demagogic civil rights message to Congress, was more concerned with obstructing passage of the legislation than with

battling for a Presidential candidate.

There is no real struggle, because all major groups in the Democratic Party have no real differences. They are solidly behind the Truman Doctrine, the Marshall Plan, the building of a huge war machine, and the warlike attitude toward the working-class movements in other nations.

The most vociferous of the anti-Truman elements inside of the Democratic Party, the imperialist-minded "liberals," Right-wing leaders of the C.I.O., and Social-Democratic leaders in the A. F. of L., are also the most bitterly hostile to the Wallace program and the most sympathetic to Truman's war policies.

The resolution adopted by the April 10 conference of Americans for Democratic Action, the organization of these liberals and labor leaders, declared its opposition to Truman because of his "failure to rally the people behind policies which in large measure we wholeheartedly support."

Whereas in 1896 the existence of an agrarian-based third party stimulated and aided a revolt of the anti-monopoly elements within the Democratic Party, in 1948 the existence of a labor-based third party has resulted in a desperate search for a new Democratic candidate to keep the people from breaking altogether with the two-party system.

The earlier development occurred at the beginning of the imperialist epoch in the United States. The working class was far too weak and immature to head a political break-away from monopoly. The rural

middle classes, by their nature, could not maintain one.

The development today occurs in the twilight period of imperialism. The time has long been ripe for an independent, anti-monopoly movement with labor as its core. Thus, the sole, genuine revolt against Truman and his Wall Street-dominated Administration is the rapidly expanding new people's party. The effort to repudiate him within the Democratic Party is an attempt to head off this genuine revolt.

PARTY BOSSES STILL FOR TRUMAN

Just how extensive is the readiness among the kingmakers in the Democratic Party to dump Truman is difficult to judge. At this stage the situation appears to be fluid. However, the general impression that Truman was finished as the Democratic nominee, following the Palestine betrayal, was decidedly premature.

The most decisive elements, the Democratic machine bosses of the North, have, in the main, kept their mouths shut. A few, concerned chiefly with saving their local candidates in the face of the Wallace trend, joined the clamor against Truman following the reversal on Palestine. With rare exceptions, they were less troubled about what was happening in Palestine than in their home districts. They viewed the scrapping of partition as politically stupid rather than as programmatically wrong.

Some who spoke up against Tru-

man, like Democratic boss Jake Arvey of Chicago, have been brought back into line. Reported dissidents in the California Democratic organization, aside from those who back the Wallace program, have also gone along with James Roosevelt's recent pronouncements supporting Truman. Frank Hague, the party's Jersey dictator, and the Democratic leaders of thirteen midwest states have also declared for Truman, as have various state delegations to the Democratic convention. And in New York, the men who crack the whip—the state and county leaders—have been quietly lining up for Truman.

Several local district leaders in Jewish areas in Brooklyn have been permitted to speak up against him, but this has been done largely to provide a safety valve for the party as the bitterness of the Jewish people against the Palestine sell-out reached the boiling point.

Reluctance of the politicians to dump Truman has several causes. First, they recognize that it implies a repudiation of the program and administration of their own party. This is a big handicap with which to enter an election campaign unless, as in 1896, they would be prepared to denounce this program completely. This they are obviously not in the least interested in, or capable of, doing.

Secondly, they feel far more comfortable with a candidate and President who is a machine man than they do with one who, like General Eisen-

hower or Supreme Court Justice William O. Douglas, is not a product of the political machine.

Thirdly, they are wily enough as politicians to see that the chances are great that there will be no alternative to Truman, and they do not care to weaken him by excessively attacking him now.

Finally, there is always the compelling argument of Federal patronage, which is the lifeblood of the political machines and which Truman controls through the national Democratic leadership. Mr. Truman seems far more ready and capable of wielding this patronage sword to keep the machine boys in line for his own candidacy than he has been to keep them in line for passage of the liberal legislation he has feebly presented to Congress from time to time.

However, despite these very solid reasons, the machine bosses may yet refuse to rename Truman as they see the Wallace movement constantly gaining strength. Their difficulty is that they have to find a candidate who can stem this movement.

WHY SOME WANT TO DUMP TRUMAN

Those varied elements in the Democratic Party and among its allies who want Truman to withdraw do so on three grounds. First, there is the need to contain the swing among the rank-and-file to the new party. Secondly, they want someone who can win greater popular support for the war program advanced by the Truman Administration; someone

not so inept and incompetent as Truman. Thirdly, they prefer, mainly for partisan reasons, the election of a Democrat rather than a Republican.

The order of importance with which the various elements regard these reasons for desiring to eliminate Truman differs.

The Southern tory "revolt" against Truman's civil rights message was, for instance, marked by a distinct emphasis on his inability to win reelection.

"Frankly, I would suggest that he quit now while he is just 20,000,000 votes behind," said Rep. John Bell Williams of Mississippi on the House floor. And in the Senate, John McClellan of Arkansas declared proudly that he had been the first to say publicly that Truman could not win and "I still say he won't win." In the Southern states, the Democratic chairmen were saying, with Gessner T. McCord of Alabama, that "as soon as they [the Northern big city machines] are convinced that Mr. Truman cannot win, I think they will abandon him."

The Southern politicians were, of course, troubled by the loss of Federal patronage, in the event the Republicans took the Presidency. But even deeper was their concern about the development of the Wallace movement, the first serious nationwide threat to their political monopoly since Populist days. The new party is of revolutionary significance in toryland. It is inspiring millions of Negroes and poor whites, who have never before overcome the

hurdle of terror and the poll tax, to register to vote. It is stirring the opposition to polltaxers inside the Democratic Party, and, more important, it is building up the instrument for opposing the Democratic Party seriously in the regular elections. Nationally and sectionally, the Wallace party is threatening the whole semi-feudal political structure of the South.

The polltaxers are highly sensitive to this development, which explains why they were so jumpy about the civil rights proposals, and why they seized upon them so eagerly to start the ball rolling to oust Truman. They especially want a candidate who will reduce the attractive power of the Wallace movement.

Significantly, these Southern Tories, who in February flayed Truman so unmercifully for suggesting, demagogically, that liberty be extended to the South, hailed him in March when he proposed that the United States impose "liberty" upon other nations by force of arms. It was quite a spectacle to see Rep. Eugene E. Cox of Georgia, leading political figure in the Talmadge-K.K.K. line-up in that state, praise Truman for his plans "to keep the world free."

IMPERIALISM'S LITTLE HELPERS

The most aggressive—if belated—entries into the "dump Truman" field are the imperialist-minded "liberals," labor leaders, and Social Democrats, who are beating the drums loudly for General Eisenhower. Not so long ago the Liberal

Party of New York was boasting that it was the first political group in the nation to endorse Truman for re-election. Max Lerner of *PM* was writing editorials to prove that Truman had virtually lifted Lerner's program and adopted it as his own. Alexander F. Whitney, head of the Brotherhood of Railway Trainmen, was making an unholy spectacle of himself by reversing his previous denunciations of Truman for breaking the trainmen's strike with the threat of Federal troops.

When it became plain, however, that the Wallace movement was not only here to stay but was reaching mass proportions, and that Truman's actions—especially the Palestine betrayal—were helping to accelerate it, they were compelled to "repudiate" him and to start the "boom" for an alternative—Eisenhower.

While the "liberals" have also been loudly whispering the name of Supreme Court Justice Douglas, it is done more from wishful thinking than from any expectation that he can be nominated by the Democrats. For one thing, the Southern tory crowd is a power in the Party and will not support him because of his expressed views on the Negro question. Secondly, he is far too little known to the nation for the battle-wise machine politicians to consider him an acceptable candidate.

There are no indications that Justice Douglas wants the nomination, and, aside from some speeches on civil rights, his views on current issues are not known. What is known,

however, is that if he were to accept the Democratic nomination, it could only be on the basis of supporting the Truman war program. This is the key plank in the outfit that has been suggesting his nomination most persistently, the Americans for Democratic Action. It is inconceivable that A.D.A. would back him, or that he would oppose Wallace, unless he espoused the war program.

It is highly instructive to see how both Southern Tories and Right-wing liberals and labor leaders jumped to the Eisenhower "boom." Prior to his testimony before the Senate Military Affairs Committee early in April, little was known about Eisenhower's policies, except that he backed the war measures and the "get tough" program of the Administration, including Universal Military Training, the draft, the Truman Doctrine and the Marshall Plan, an all-powerful military establishment, and intervention against the working-class movements anywhere in the world.

This, apparently, was enough for these groups. It was the sole programmatic test of an acceptable candidate. All alleged domestic issues were distinctly secondary, if they had any weight at all except as demagoguery. Aside from program, a candidate had to be able to stop Wallace, and get himself elected. Eisenhower, it was felt, would meet these tests too. And his being a military man underscored the fact that American policy had now entered the military phase. It would make it easier for the people to accept military measures.

But when Eisenhower testified before a Senate Committee in favor of Jim Crow in the armed forces, he lost some of his effectiveness as a "Stop Wallace" candidate and embarrassed his labor and liberal backers.

The Negro people, highly mature politically, have been flocking to the new party. There can be no talk of halting Wallace without taking this into account. And Eisenhower's testimony has made the Negro people angry. Even conservative groups and leaders have voiced sharp protest. Walter White, head of the N.A.A.C.P., felt compelled to apologize to readers of his syndicated column for having boosted Eisenhower.

The testimony of the five star general cut even deeper. If his previously unsuspected attitude toward Negro equality is so reactionary, what about his views on other domestic issues, which have been equally unexpressed? A reactionary on the race issue is generally the same in all his thinking. Those labor and "liberal" leaders who have been counting on Eisenhower to pull them out of the Truman mire have thus been made an unhappy lot.

The labor bureaucracy, which has been most assiduous in plugging the general's candidacy behind the scenes, is caught in a particularly awkward position. Adopting the classic opportunist position of labor bureaucracies in strong imperialist nations, it has been devoting itself to fighting against the new anti-imperialist party and attacking the Wallace candidacy. But sections of it have not dared

support Truman for fear of thorough repudiation by the rank-and-file.

These sections—the C.I.O. Right-wing and A. F. of L. Social-Democrats—have been depending on the nomination of Eisenhower to save them from the absurd position of being against Wallace, the one man who supports labor's program, without anyone to offer in his place.

The traditionally more conservative elements in the A. F. of L., including President William Green, are sticking with Truman. They have long ago outlived their usefulness as a possible barrier against the Leftward march of the mass of workers.

Eisenhower's testimony has not killed the "boom" for him, but it has made it a lot tougher to parade him as an antidote to Wallace.

It is also not an inconsiderable item that the general has thus far refused to be a candidate, though in American politics such refusals, even when they are as emphatic as Eisenhower's, do not always mean what they seem to say.

The labor and "liberal" elements in the anti-Wallace coalition are actually less worried whether a Democrat or a Republican is elected than they are in isolating and, if possible, preventing the permanent establishment of the new, anti-imperialist party. If there were any doubt of this, an article by one of the brain-trusters of A.D.A., Arthur Schlesinger, Jr., in the *New York Times* magazine of April 4, should dispel it.

Schlesinger suggested a regrouping

of political forces in the United States built upon the organization of a "Third Force" which would extend from the "non-Communist Left" to the "non-Fascist Right." Its aim would be the isolation of the "pro-Communist Left," defined as the "third party candidacy of Henry Wallace."

The "Third Force" would include "all who believe in political freedom and the democratic control of economic life . . . in free political society." Among those specifically mentioned as candidates of the "moderate Right" for this "Third Force" are such staunch Republicans as Vandenberg and John Foster Dulles.

Hence, it is plain that the imperialist-minded "liberals" are merely kicking up dust when they charge that the Wallace movement would help to elect a Republican reactionary. If they appear to be opposed to the Republican ticket, it is solely because they have to pretend to some sort of liberal base to retain any semblance of influence. Actually, either wing of the bipartisan setup in Washington will do for them.

While it is true that the efforts to dump Truman as Democratic nominee are not inspired by a desire to change the direction of American policy, it would be wrong to write them off as of no significance. They are, on the contrary, of enormous significance, because they are a sign of the emergence of the Wallace movement as an immensely potent factor in American political life just two months after it was launched.

A twisted and twisting mind like that of Max Lerner of *PM* tries to cover this up by the clumsy pretense that it was Eisenhower's popularity that resulted in the movement to get rid of Truman. But any normal observer would note that it was the inevitable result of major successes by the new people's party, indicating the great popular response to it.

These successes include the half million signatures in California, the Isacson victory in the Bronx, the acceptance of the vice-presidential nomination by Sen. Glen Taylor, the virtual assurance that the party will be on the ballot in more than forty states, the unbroken string of overflow Wallace meetings, and the amazing response to the organizing meetings of the new party.

These are the developments behind the frantic double-dealing efforts of the Democrats and their "liberal" hangers-on to find a candidate who would contain the forces in opposition to Truman's policies while yet espousing those same policies.

It is, at this stage, doubtful that they will succeed in ditching Truman. But whether they do or not, Wallace and the new party have made it plain they will not be stopped.

"I want to assure you that I will run for President no matter who is nominated by the Democratic Party," Wallace said in Indianapolis last

month. "I am not running out of pique at anyone in the Democratic Party. I am running because the Democratic Party is standing for a war policy, and there is no prospect of changing that policy. Therefore I am going through."

There is every evidence that the new party will not only roll up an astounding vote in the fall, but will establish itself permanently. Such a development will be of enormous world importance, because such a party will stand in the way of American Big Business efforts to stampede the nation to war and to fascism. Its establishment will be the historic justification for the tactic pursued by the progressive peace forces of organizing independently this year instead of spending their energies in a confused and confusing inner-Democratic Party struggle.

In 1896, progressives won such an inner-Democratic struggle at the expense of a promising third-party movement, and soon lost their influence in American political life as Wall Street regained its grip over both major parties.

In 1948, progressives, under a different set of circumstances, have chosen as their instrument of struggle a new anti-imperialist, anti-monopoly peoples' party, and appear destined to become increasingly influential in the nation's political affairs.

THE KEYNESIAN PALACE REVOLUTION

BY CELESTE STRACK

FOLLOWING THE DEATH of Lord John Maynard Keynes two years ago, the controversy over the "real" significance of his economic theories has gathered impetus. One of the participants in this controversy is Lawrence B. Klein, an American economist, whose recent book, *The Keynesian Revolution*,* interprets Keynesian theory from a bourgeois liberal standpoint, roughly comparable to that of Robert Nathan or Sir William Beveridge.

Dr. Klein freely admits that Keynes' outlook was that of the capitalist class. However, he insists that Keynes in developing his theoretical principles,** "did not really understand what he had written." Keynes' contribution amounted to nothing less than a "revolution" in economic theory, which in practical application would be capable of eliminating unemployment and reforming capitalism in the interest of the people.

KEYNES' "DEPARTURE" FROM ORTHODOXY

The orthodox economists postu-

* Lawrence B. Klein, *The Keynesian Revolution*, Macmillan, 1947.

** Most fully outlined in his *The General Theory of Employment, Interest and Money*, New York.

lated a self-adjusting economic system capable of automatically achieving full employment, provided "frictions" and "outside interference" were removed. Specifically, they insisted that state intervention in economic life must be eliminated, since it would prevent the automatic adjustment of the economic system. Klein points out that Keynes broke with "orthodoxy" in developing his "theory of effective demand," which deals with the way in which total production and employment are determined and which explains why the economic system will not necessarily achieve full employment without government intervention.

According to the Keynesian analysis, the output of any economy is composed of two parts: the production of consumer goods and the production of capital goods. To state the same proposition in other terms, national income equals consumption plus investment. Whatever portion of the national income is not consumed in a given period, is "saved," and is thus available for investment. But, the Keynesians assert, since the decision to save and the decision to invest are separate acts and are determined by different factors, it is possible—and even probable—that not all savings will actually be invested. Under these circumstances, "over-saving" occurs, that is saving which is not "offset" by real investment; as a result, national income is reduced and the level of employment falls.

Says Klein, "Keynes' real contribution . . . has been to show that if

savings are not offset by legitimate investment outlets, failure to generate a high level of employment will follow."* This relationship is declared to be fundamental to the "business cycle" which is caused by "fluctuations in investment superimposed upon a stable savings schedule.**

According to Klein, the tendency for savings to outrun investment also accounts for the long-run tendency toward "stagnation" of the economy.

As a system accumulates more and more productive plant and equipment, the rate of return on new and existing capital becomes depressed. With this lower rate of return on capital in a society of abundance, investment opportunities fade away. Unless higher levels . . . of consumption are there to fill the gap, a state of economic stagnation will set in. . . .***

Moreover, Klein asserts that the responsibility for "oversaving" rests not on the capitalists, but also on the workers.

. . . the burden of saving is divided between laborers and capitalists. In this formulation, the capitalists cannot be blamed for all the saving, as well as a failure to invest at full-employment levels. They can only be blamed for not offsetting properly the savings of both classes, laborers and capitalists.****

From this it would follow that the problem is to reduce saving, and to increase both consumption and investment, in order to guarantee

full production and employment at all times. This is the responsibility of the state, which should adopt appropriate measures so that a full employment level may be maintained. Klein claims that no adequate analysis of this problem was made by Marx. Although he attempts to summarize Marx' analysis of the falling rate of profit, he adds:

With regard to the savings side of the important savings-investment relation, Marx did not give an analysis comparable to Keynes. At most Marx theorized that capitalists save their surplus incomes and then attempt to invest these savings in profitable enterprises.*

Finally, Klein asserts that the socialist economy of the Soviet Union proves the validity of Keynesian theory!

What are the most serious fallacies in Klein's line of argument?

CAPITALIST EXPLOITATION IGNORED

1. *Klein ignores and conceals the fundamental class structure of capitalism and the nature of capitalist exploitation, an understanding of which provides the key to an analysis of the functioning and historical development of capitalism.* According to Klein, the important economic relation is not that existing between wage-worker and capitalist, but between "savers" and "investors." Moreover, the "savers" include both capitalists and workers, so that the basic responsibility for saving in the

* *The Keynesian Revolution*, p. 81.

• *Ibid.*, p. 77.

•• *Ibid.*, p. 68.

••• *Ibid.*, p. 134.

• *Ibid.*, p. 132.

economy is shared by various classes—and some kind of “people’s capitalism” emerges, at least by inference.

Here we have a new kind of “equality before the law” which is a fitting accompaniment to that law which forbids rich and poor alike to sleep under bridges! It is true, of course, that workers, and additional sections of the population other than capitalists, attempt to save. In some periods they may even succeed in putting aside limited amounts for their old age, and for other personal needs. But the relative proportion of such savings even in “prosperous” periods is very small compared to the vast “savings” of finance capital, held in the banks and directly in corporation reserves. This is strikingly illustrated in the proportion of war bonds held by low income groups compared to those held by corporations and higher income groups, as pointed out by Joseph Roland in his fine article, “The Question of the National Debt,” in the March issue of *Political Affairs*.

As periods of financial stringency develop, the savings of workers, small farmers, and the middle class quickly drain away, while Big Business systematically uses its “savings” to take over the holdings of those who go under. The methods whereby the savings of workers (and the petty bourgeoisie) are systematically drained off include: (1) inflation; (2) the need of buying or building homes (since low-cost, rental housing is not available); (3) bank fail-

ures and failures of other institutions, like insurance companies; (4) installment buying (now on the increase) and repossession. Thus, for the working class and the mass of people, their “savings” are limited, temporary, and insecure.

Moreover—and this is a vital point—who *controls* these savings and determines how they will be utilized? Obviously the big capitalists, through the banks and other financial institutions, and in the case of government bonds, through control of the government’s fiscal policies.

Thus, the social relations of production under capitalism, which Klein ignores, underlie and fundamentally determine the pattern of “saving.” It is the relations of wage-worker and capitalist which dictate who saves, how much he saves, and what is done with the savings. The “law of saving” under capitalism might well be summed up in the words: “To him that hath shall be given; from him that hath not shall be taken away.”

BASIC CONTRADICTION CONCEALED

2. *Klein seeks the cause for economic crises and unemployment in the sphere of circulation and distribution rather than in the social relations of production.* As we have noted, Klein finds this cause in the withholding of a portion of “savings” from both consumption and investment. What this amounts to is a theory that hoarding, in cash or bank holdings, is the cause of crises,

and that the solution therefore lies in finding ways to return the withheld funds into circulation either through purchase of consumer goods or through investment.

Marx, in contrast to this superficial approach, explained that the cause of crises and growing unemployment is to be found in the basic contradiction of capitalism; namely, that ownership and appropriation remain private, while "Means of production and production itself [have] in essence become social." In this basic contradiction between social production and private, capitalist appropriation "the whole conflict of today is already present in germ."* It is only this fundamental, underlying contradiction that makes clear why "the contradiction of this capitalist mode of production consists precisely in its tendency to an absolute development of productive forces, a development which comes continually in conflict with the specific conditions of production in which capitalism moves and alone can move."**

The contradiction between social production and private, capitalist appropriation is the root cause of cyclical crises: "there is periodically a production of too many means of production and necessities of life to permit of their serving as means for the exploitation of the laborers at a certain rate of profit."** Fundamen-

tally, this is due to the fact that capitalist relations of production limit the consuming power of the workers and the mass of people "to a variable minimum within more or less narrow limits."* The "expansion of the market cannot keep pace with the expansion of production. The collision becomes inevitable . . . and periodic. . . . The whole mechanism of the capitalist mode of production breaks down under the pressure of the productive forces which it itself created."** Thus, "*The real barrier of capitalist production is capital itself.*"***

ACTUAL CAPITAL AND LOAN CAPITAL

Within the framework of the basic contradiction of capitalism, however, there are other contradictions which are secondary or derivative in nature. Marx showed that while capital is always *in its essence a social relation*, i.e., *command over the unpaid labor of others*—it assumes various forms in the course of its reproduction and circulation. Between these different forms of capital specific contradictions develop which play their part in the periodic crises of capitalism.

One aspect of this question is discussed by Marx in Volume III of *Capital*, where he deals with the relation between actual capital and money capital (in its loanable form). In this discussion Marx provides a

* Frederick Engels, "Socialism: Utopian and Scientific," Karl Marx, *Selected Works*, International Publishers, Vol. I, p. 169.

** Karl Marx, *Capital*, Vol. III, p. 302.

*** *Ibid.*, p. 303.

* *Ibid.*, p. 286.

** Frederick Engels, cited work, pp. 175-176.

*** Karl Marx, *Capital*, Vol. III, p. 293.

correct analysis of the phenomenon which Klein sees and describes in a distorted way as the basic cause of crises and unemployment, namely, what Klein calls the accumulation of "savings which are not offset by investment."

What is the real character of this specific problem as Marx analyzed it?

"Actual capital" and "loan capital" represent two different forms of capital which are, therefore, accumulated in two different ways.

Accumulation of actual capital occurs through the reproduction of "the capital-relation on a progressive scale, more capitalists or larger capitalists at this pole, more wage-workers at that."* It represents the extension of real investment, and is "reproduction on an enlarged scale."

On the other hand, the "accumulation of loan capital consists simply in the fact that money is precipitated as loanable money."** Accumulation of money as loan capital is: (1) partly the result of actual accumulation (the monetary expression of profits made from expansion of real investment); (2) "partly the result of circumstances, which accompany it [real accumulation] but are quite different from it" (expansion and concentration of the banking system and other financial institutions, together with personal savings from many sources, including savings from profit, interest, rent, and even wages); and (3) "partly also the result of impediments to actual accu-

mulation,"** such as a "lack of spheres for investment, due to the overcrowding of the lines of production and an oversupply of capital."***

"This process [accumulation of loan-capital] is very different from an actual transformation into capital," says Marx, "it is merely the accumulation of money in a form in which it *may be* invested as capital."**** This means that the possibility exists that it may *not* be invested, as well. And this is just the point Marx goes on to make. "Not every augmentation of loanable capital indicates a real accumulation of capital or expansion of the process of reproduction."***** And, "Since accumulation of loan-capital is swelled by such circumstances, which are independent of actual accumulation but nevertheless accompany it, there must be a plethora of money-capital in definite phases of the cycle for this reason alone, if for no other, and this plethora must develop with the organization of credit."*****

When is a plethora of loanable capital most likely to develop? During "the phase of the industrial cycle following immediately after a crisis, when loanable capital lies fallow in masses,"***** Marx goes on to explain that this is inevitable because industrial, capital, actual capital, has

* *Ibid.*, p. 596.
 ** *Ibid.*, pp. 595-596.
 *** *Ibid.*, p. 596. (My emphasis—CS.)
 **** *Ibid.*, p. 596.
 ***** *Ibid.*, p. 596.
 ***** *Ibid.*, pp. 569-570.

itself been "laid lame," and cannot utilize loanable capital for reproduction and expansion. The other period during which there may be a "relative abundance of loanable capital" is during the period of rising prosperity just preceding the "boom" phase of the cycle, when the "easy returns" and expansion of production encourage the expansion of loanable capital and indeed of the whole credit system. To these cases should be added the "plethora" of money or liquid capital, which results from such a specific factor as a huge increase in the national debt.

Marx makes very clear that the development of a "plethora" of loanable capital, however, is a reflection of basic changes which occur during the cycle with respect to actual capital. Of course, to the extent that loanable capital is a part of the highly developed and expansive credit system of capitalism, its abundance may contribute to the relative over-expansion which occurs during the "prosperous" period; but this cannot be regarded as the *fundamental* cause of economic crises, as we have already pointed out.

Klein turns this whole process on its head and mistakes what is secondary for what is primary. According to his analysis, it is *not* the relative overproduction of actual capital which characterizes the crisis and brings with it a "plethora" of loanable capital. Rather he holds that the accumulation of "savings" which are not invested brings about the crisis. Presumably, had these "sav-

ings" been invested, no crisis would have occurred. In that case, Klein must explain why total investment reaches its highest point in the boom period precisely before the crisis! Furthermore, if *all* the unused money capital were actually invested in the boom period, the crisis of overproduction would be still more acute, since the productive forces would be expanded to an even greater degree.

Of course, Klein's conception of "saving" is not the same thing as the Marxist category of "loanable capital." His conception of "over-saving" is itself contradictory, since it embraces both *cash hoards* and several forms of capital, including *money capital* of various types, as well as *actual capital* tied up in unsold inventories. These inventories are regarded by Klein as "unintended saving"—part of the "savings which are not invested or consumed"—and yet they actually represent *capital which has previously been invested*. If anything, the accumulation of inventories should indicate "overinvestment" from Klein's standpoint, rather than "over-saving." Moreover, the Keynesian concept of "over-saving" refers exclusively to the withholding of money or bank deposits from current income; it does not include the tremendous expansion of liquid capital which is possible through bank credit, government debt, etc. As a result, it actually understates the degree to which a surplus of liquid capital can develop, at the same time

that it overrates and distorts the role this element plays in the development of a crisis.

The contradictory nature of Klein's argument shows up perhaps most sharply in his handling of the *cause* of "over-saving." Why does investment slow down, according to his thesis? Because of a decline in the "marginal efficiency of capital." And what is the marginal efficiency of capital? "This theory is based on the most classically accepted doctrine of profit maximization."* Essentially it means the reluctance of capitalists to invest at less than their maximum profit "anticipations." This is really the key element in Klein's whole system; for it governs the decisions to invest or not to invest, which in turn, according to Keynesians, will determine the level of employment. Yet their "marginal efficiency of capital" turns out to lie basically in the realm of psychology, not economic science. Profit "expectations" are governed "by the uncontrollable and disobedient psychology of the business world," to use Keynes' own language.

In so far as this is a psychological factor, it bases Klein's entire system on elements of a subjective nature wholly outside the economic system itself. This Klein himself admits at several points in his book. From the secondary sphere of circulation, which was *at best* the starting point for Klein's analysis, his "theory" moves still further from the real

material problems of the economy into the hazy world of psychological reactions.

To the degree that the "marginal efficiency of capital" has some relation to the *actual* profits of the capitalists, however, Klein gets into still greater difficulty. Measures which would expand investment through increasing the actual profits of the capitalists will in the long run intensify the forces leading toward economic crisis, by enlarging the disproportion between production and consumption. Moreover, such measures would be against the interests of the working class in a more immediate way, involving reductions in wages as a means of improving profits. From this standpoint, Klein definitely underestimates the importance of the wage theory developed by Keynes as an integral part of his system. Precisely because Keynes himself laid much emphasis on maintaining the "marginal efficiency of capital," he favored reductions in real wages in periods of depression. This was to be achieved through price inflation, which, he reckons, would be resisted less by the workers than cuts in money wages. Klein, in his rather perfunctory handling of this issue, says: "It makes a good deal of difference whether one advocates wage cuts or some inflationary measure during periods of unemployment."* But from the standpoint of the working class, it is mainly a question of

* *The Keynesian Revolution*, p. 62.

* *Ibid.*, p. 110.

which way the capitalists try to skin the cat! And this Klein does *not* point out!

MONOPOLY AND THE ROLE OF THE STATE DISREGARDED

3. *Klein, in keeping with the general tradition of the Keynesian school, completely fails to deal with the role of monopoly capitalism.*

Keynes followed the pattern of all bourgeois economists in taking a wholly non-historical approach to the economic system and advancing economic "laws" which are presumed to apply to every type of economy. Klein takes over this non-historical approach and is, therefore, unable even to indicate the *qualitative change* which occurs in capitalism as it develops into its monopoly stage. At most, he speaks of Keynes laying the foundation for the "stagnation thesis" through his concept of the declining marginal efficiency of capital, mentioned above. This glaring omission of the role of monopoly naturally leaves huge gaps both in the theoretical structure and the practical proposals made by Klein.

For example, it is impossible to deal with the problem of unemployment today without analyzing the effect of monopoly on the economy as a whole. Yet Klein dismisses this entire question with a few brief sentences which make clear that he does not regard monopoly as materially changing the problem. On the other hand, Lenin, and Marxist economists since, have shown in detail how mo-

nopoly intensifies the basic contradiction of capitalism, resulting in a *chronic surplus of capital* coupled with *chronic mass unemployment* (except for conditions of a war economy).

An equally glaring fallacy is revealed in Klein's discussion of the problem of inflation. He manages the remarkable feat of discussing this topic without the slightest reference to monopoly prices. In his chapter on the "inflationary gap" he argues that Keynesian economics can be used, not only to combat unemployment, but to fight inflation. He discusses methods used during the war, in keeping with the Keynesian approach, and also indicates the danger of postwar inflation. However, he characterizes this danger as arising from the "large amount of liquid funds now in the hands of the population."* But not once does he even hint that the basic pressure for inflation arises from monopoly domination.

Under these circumstances, it is somewhat surprising to find fascism characterized, in the last chapter of the book, as "the worst stage of capitalism" and one which will develop in the United States as the result of "the economic law of motion of capitalism"—unless something is done to prevent it. Without an analysis of the role of monopoly capital, fascism cannot possibly be understood, nor defined—nor effectively fought. In fact, the program of reforms offered

* *Ibid.*, p. 162.

by Klein suffers especially from this very defect. The practical proposals he makes are based on the idea that a "program for full employment" can prevent fascism; but the program itself includes no proposals for seriously curbing the economic and political power of monopoly.

These "omissions" in Klein's proposed practical measures reflect the "omission" in his theoretical analysis. Marxists, on the other hand, base their practical proposals on the understanding of the historic meaning of the monopoly stage of capitalism. Lenin analyzed this development in detail, showing its economic and political consequences. Lenin made clear that because imperialism brings the contradictions of capitalism to their sharpest point and matures both the material and subjective prerequisites for the socialist transformation, it must inevitably be the final stage of capitalism, must mark the epoch of the proletarian revolution. Undoubtedly the revolutionary implications of this analysis have not entirely escaped the Keynesians, which accounts in part for Klein's avoidance of the subject!

4. *Klein, together with other liberal Keynesians, holds an absolutely erroneous theory of the state.*

"The Keynesian approach," says Klein, "visualizes the state as a balancing force which serves only to supplement the behavior of individual capitalists. . . ."* This amounts to characterizing the state as a power

standing above classes and representing society as a whole. It ignores the fact that the bourgeois state is controlled by the class which owns the means of production and appropriates the surplus labor of the producing class.

And so long as the political power of the capitalist class, and especially the monopolists, remains untouched and unchecked in any way, it will not be possible to carry through the economic program in the interests of the mass of people as envisaged by Klein.

In the United States today, any progressive who genuinely wishes to achieve fundamental economic measures which will benefit the majority of the people must squarely face the issue both of the state and of the role of monopoly capital in its concrete form.

KLEIN'S PROGRESSIVE REFORM MEASURES

5. *Klein's proposed reform measures cannot achieve the ultimate objective stated, namely the abolition of unemployment under capitalism.*

In his final chapter, Klein outlines the following proposals: (1) to increase investment through outright government expenditure for such projects as slum clearance and low cost housing, through special taxes on business reserves not used for actual investment, through the abolition of certain monopoly privileges such as the present patent system, and through the expansion of foreign

* *Ibid.*, p. 167.

trade through capital export; (2) to increase consumption and reduce saving by speeding up the trend toward urbanization, by providing a comprehensive social security system to end the need for personal savings, and by redistributing national income so as to increase the "propensity to consume" of the people as a whole.

While Marxists would support some of these specific proposals, as Klein recognizes (with certain very important qualifications as to the basis and character of any capital export program), they must certainly reject the Keynesian theory which holds that such measures can *eliminate* unemployment under capitalism.

Says Klein, ". . . the Keynesian approach is clearly to modify capitalism so that full employment may be obtained. Any features of the capitalist system which do not interfere with the achievement of full employment may be preserved, according to this position."*

One can make such a statement only when one does not see that the essential character of capitalism must inevitably and constantly give rise to unemployment as an inseparable result of the quest for profit. To *eliminate* unemployment would involve not only cutting an arm off capitalism, but removing its very heart. The unemployed workers stand at one pole, the mass of surplus capital which develops stands at the other. Between them there stand "only"

the conditions of capitalist production.

How apt in this connection are the words of Lenin!

It goes without saying that if capitalism could develop agriculture, which today lags far behind industry everywhere, if it could raise the standard of living of the masses, who are everywhere still in poverty—stricken and underfed, in spite of the amazing advance in technical knowledge, there could be no talk of a superabundance of capital. This "argument" the petty-bourgeois critics of capitalism advance on every occasion. But if capitalism did these things it would not be capitalism; for uneven development and wretched conditions of the masses are the fundamental and inevitable conditions and premises of this mode of production. As long as capitalism remains what it is, surplus capital will never be used for the purpose of raising the standard of living of the masses in a given country, for this would mean a decline in profits for the capitalists; it will be used for the purpose of increasing those profits by exporting capital abroad to the backward countries. . . .*

Does this mean that nothing can be done under capitalism to improve the condition of the people? Not at all. Many of the proposals advanced by Klein and other liberal Keynesians could be put into effect if fought for effectively by a democratic coalition, headed by labor. Such measures could ameliorate the conditions of the mass of the people, reduce the

* V. I. Lenin, "Imperialism: The Highest Stage of Capitalism," *Selected Works*, International Publishers, Vol. V, pp. 56-57.

* *Ibid.*, p. 166.

effects of unemployment, cushion the impact of economic crisis, and generally protect the living standards of the people from the worst effects of capitalism.

But more than this such a program *cannot* accomplish. It can achieve fundamental economic measures in the long run only on the basis of a genuine struggle to curb the power of monopoly capital. Such a struggle would of necessity embrace measures not included by Klein, steps which would curb the economic and political power of monopoly. Of prime importance would be the nationalization of certain key industries, as well as the banks and the railroads. Unless these sectors of the economic system were in the hands of a government controlled by a democratic people's coalition, any basic reform program itself could not be carried through. It would constantly encounter sabotage from finance capital.

Failure to deal realistically with this problem is perhaps the most serious weakness in Klein's concluding chapter. But to do so would require the abandonment of Klein's present approach to the capitalist class. His illusions—and perhaps his underlying doubts—are expressed in the statement: "Unless entrepreneurs can be brought to look upon the entire system and their social responsibility toward it, the Marxists will be correct in contending that the Keynesian policies are not politically feasible."^{*}

This appeal to the intelligence of

the capitalist class, which was the hallmark also of Browder revisionism, flows from the essential character of Keynesian theory itself, which is rooted in a deeply subjective psychological approach. It is the Achilles' heel of the program of reform which liberal Keynesians themselves desire; for all it asks is that the capitalist cease to be a capitalist!

SOCIALIST ECONOMY PRE-SUPPOSES ABOLITION OF CAPITALISM

6. *Finally, Klein takes the absurd position that the socialist economy of the Soviet Union provides confirmation of the Keynesian thesis!*

In his desire to show that Keynes really achieved a "revolution" in economic theory, Klein claims that "the arguments why Russian economy has been and will continue to be one of uninterrupted full employment under socialism follow directly from Keynes' own simple model."^{*} This is because "In any intelligently run socialist economy . . . the central planning board will set the level of investment at that amount which will just offset savings out of a full-employment national income."^{**}

Klein admits that this position is somewhat "ironic" in view of Keynes' known bitter opposition to socialism. In this case, Keynes' own position flows more logically from his theory than does Klein's!

It should be obvious that the construction of socialism in the Soviet

^{*} *Ibid.*, p. 78.

^{**} *Ibid.*, pp. 78-79.

^{*} *The Keynesian Revolution*, p. 185.

Union has proceeded quite without the help of Keynesian theory. To equate socialist planning based on the abolition of capitalist relations of production with Keynesian concepts of government intervention in a sick capitalist economy is nonsense. It is a continuation of the non-historical approach which characterizes Keynesian and all other brands of bourgeois economics. Klein does not recognize that each type of economic system is governed by its own laws arising from the concrete relations of production existing in that society. The socialist economy of the Soviet Union operates on the basis of *new economic laws* which develop from

the abolition of capitalism, the socialization of the means of production, and abolition of exploitation of man by man. Conscious control and planning of the economy is made possible only by this revolutionary change.

The theory of which the Soviet Union is a living confirmation is not Keynesian theory, but the whole theory and practice of Marxism-Leninism which grew up in the conflict with bourgeois reformism. Indeed the socialist planning of the Soviet Union began long before Keynes even wrote *The General Theory*—and will continue there, and in other countries, long after Keynes is relegated to the dusty archives of history.

“Resolved, by the Federation of Organized Trades and Labor Unions of the United States and Canada, [which became the A. F. of L. in 1886] that eight hours shall constitute a legal day’s labor from and after May 1, 1886, and that we recommend to labor organizations throughout this jurisdiction that they so direct their laws as to conform to this resolution by the time named.”

Resolution of the 1884 Convention.

THE SECOND CONGRESS OF THE COMMUNIST PARTY OF INDIA

On February 28-March 6, 1948, a Congress of the Communist Party of India took place, the second since its legalization in 1942.

We present to our readers, for their information, the following documents of the C.P.I., dealing with the Congress.

STATEMENT OF POLICY*

THE ANGLO-AMERICAN imperialists are making desperate efforts to save the capitalist social order from its impending doom.

They are offering American credits to the war-torn European countries to bolster up reactionary regimes, forcing these countries to sell their economic and political independence to American imperialism.

They are giving economic and military aid to the reactionary governments of China and Greece to suppress the democratic forces.

They are maintaining their domination over their colonies and dependencies by forming an alliance with "national" leaders who have political influence over the masses, by cheating the colonial people with fake independence, by giving big concessions to the national bourgeoisie.

They are frantically making political and military preparations to unleash a new world war against

the Soviet Union and other democratic states.

The world is thus divided into two camps—the Imperialist Camp led by American imperialism and the Anti-Imperialist Democratic Camp led by the Soviet Union.

The people's forces all over the world constitute the Democratic Camp and are stronger today than the forces of imperialism. The Right-wing Social Democrats in every country in conformity with the needs of their capitalist masters are disrupting the people's camp. Under dictates from American imperialism the Right-wing Socialists are coming out as a hypocritical "third force" directing their fire against the Soviet Union, the People's Democracies and the Communist Parties in defense of the capitalist order.

Despite the machination of American imperialism, the world Democratic Camp has been marching ahead since the defeat of the fascist powers in the Second World War.

The strength and prestige of the Soviet Union, the land of Socialism and working-class rule, has tremen-

* Issued by the Central Committee of the Communist Party of India, elected by the Second Congress of the C.P.I. It is based on the political resolution adopted by the Congress. Reprinted from the *People's Age*, Bombay, March 21, 1948.

dously grown. People's republics in Eastern Europe, where power belongs to the toiling people led by the working class, constitute another big blow to world capitalism. The rise of the Communist Parties in European countries epitomizes the strength of the working class, instability of the present regimes and the maturity of the revolutionary movement. The successful struggle waged by the Communist Party of China for the liberation of the Chinese people strikes another powerful blow at the world imperialist order. The postwar revolutionary epoch has brought the colonies to the path of armed struggle for achieving complete independence and democratic states.

While American imperialism is attacking the sovereignty of independent states, tightening its hold over subjugated nations and taking the world toward another devastating war, the working class all over the world is leading the toiling masses for sovereignty of nations, people's democracy and lasting peace.

BRITISH IMPERIALISM IN INDIA

As soon as the war was over, an unprecedented wave of mass struggles had overtaken the imperialist rulers in India. The working class which had hardly secured any compensation against the rising cost of living began to fight back. In 1946, the all-embracing strike wave reached unprecedented levels affecting two million workers and involving 12 million man days lost.

Inflation, high prices, mass pauperization of the peasantry, famine and landlords' offensives goaded the peasantry to desperation. The agrarian areas of India became a huge volcano which started erupting every now and then. The desperation of the peasant was seen in the great Tebhaga struggle in Bengal, the Telengana struggle in the Nizam's dominion, the struggle of the aboriginal agricultural workers (Warlis) in Bombay, the great struggle of the peasants of Bihar for *Bakasht* land.

Out of these struggles was coming forth the single demand—land to the tiller.

The oppressed people of the Indian states began to rise in revolt against feudal autocracy. Their struggles reached new levels as in Kashmir and Travancore.

The popular struggles began to take a revolutionary turn resulting in political general strikes, armed clashes between the police and the people and barricade fights. The revolutionary spirit of the people affected the armed forces of the state, and the mutiny of the Royal Indian Navy struck terror into the hearts of the imperialist rulers and of the bourgeois national leaders.

Imperialism realized that it could no longer maintain its rule in the old way with the national bourgeoisie kept out of state power, that the support of the feudal classes alone was not enough to prop its tottering rule.

British imperialism, therefore, changed its strategy and adopted

new methods to perpetuate its rule. This new strategy is embodied in the Mountbatten Award.

The acceptance of the Mountbatten Award is the culmination of the betrayal of the revolutionary struggle by the National Congress and the League leaderships.

Though the bourgeois leadership parades that independence has been won, the fact is that the freedom struggle of the common man has been betrayed and the national leadership has struck a treacherous deal behind the backs of the starving people, betraying every slogan of the democratic revolution.

Every feature of the Mountbatten Award shows that it does not really signify a retreat of imperialism but its cunning counter-offensive against the rising forces of the Indian people.

First, it has partitioned India on the basis of religion. Partition has enabled imperialism to create permanent hostility between Hindus and Muslims and work up war fever between the two Dominions when required in imperialist interests. Partition is a ready-made weapon to organize riots and sidetrack the revolutionary movement by war appeals. It is one of the biggest attacks on the unity and integrity of the democratic movement.

Secondly, the plan keeps the Princes, the age-old friends of the imperial order, intact and enhances their bargaining power.

Thirdly, the leading economic strings are still in the hands of the

imperialists, who successfully use them to make the bourgeoisie move against the masses, crush the democratic revolution and consolidate the new lineup of imperialism, Princes, landlords and bourgeoisie.

Fourthly, the supreme organs of State are controlled by servitors of imperialism. The final imperialist control will be maintained through military alliances.

What the Mountbatten Plan has given to the people is not real but fake independence. Britain's domination has not ended but the form of domination has changed. The bourgeoisie was so long kept out of state power and in opposition to it; now it is granted a share of state power in order to disrupt and drown the national democratic revolution in blood.

ROLE OF THE "NATIONAL GOVERNMENT"

The deeds and actions of the "National Government" since August 15 fully prove the above understanding of the purpose behind the Mountbatten Plan. They conclusively reveal the leadership of the National Congress as being a bourgeois leadership collaborating with imperialism.

The Constituent Assembly manned by the same leaders as lead the "National Government" has prepared an authoritarian constitution. The toiling people will not get anything except the right to vote at long intervals. It provides for arrest without warrant and detention without trial.

It authorizes the Provincial Governors to act in their discretion, legislate by ordinance and rule by proclamation. It makes the reactionary provision for Second Chamber in the Provinces, allows for nomination of members to the Second Chamber by Governors, thus ensuring that the vested interests and their spokesmen get a dominant voice in the Chamber.

The model constitution for the Provinces does not accept the basic right of nationalities to self-determination, it does not provide for proportional representation without which the progressive political parties and the various minority groups cannot get fair representation. It does not provide for regrouping of tribal and other backward areas and formation of autonomous regions or Provinces without which these backward people cannot economically and culturally protect and develop themselves.

Under the constitution the basic and fundamental rights of the toiling people, such as right to work, right to living wage, equal pay for equal work, right to old age, sickness and unemployment aid, do not find a place as fundamental rights constitutionally guaranteed by the State.

But the property and privileges of the vested interests are granted legal and constitutional protection by a clause in the fundamental rights that no property of a person or corporation shall be taken over for public use except by payment of ade-

quate compensation, thus preventing through a constitutional guarantee all plans of nationalization of industries including foreign concerns.

Since August 15 the so-called National Government has been carrying out the plan of the Indian bourgeoisie to oppose nationalization, suppress the workers, intensify their labor and freeze wages in the name of stopping the wage-price spiral.

It is ruthlessly suppressing all peasant movements to the complete satisfaction of the landlords. Even its halting agrarian reform proposals are saddled with compensation to the landlords and with no provision for land to the tillers. They retain landlordism under a different form. The proposed agrarian legislation is an attempt to split the peasant movement and to broaden the basis of the present bourgeois government.

The Provincial Governments under the guidance of the Central Government have passed Public Safety Acts which are freely used against the democratic movements of the workers, peasants and students.

The so-called National Government is crushing the States' peoples' struggle against the Princely order and suppressing agrarian struggles in the native States. It is saving Princes and sidetracking people's attention from democratic struggles by parading accession as a big popular triumph.

In the matter of minorities it is following a communal policy. Oppression of minorities has become a

deliberate policy as is evidenced from Patel's praise of the R.S.S. and alliance with the Hindu Mahasabha. So firmly is communalism entrenched in the so-called National Government that even after Gandhi's assassination by an R.S.S. man, no more than a mere show has been made of arrests and prohibition measures in spite of angry anti-communal outbursts of the common people. The "National Government" instead of really suppressing communal bodies has taken the opportunity to suppress the Communists.

According to Nehru's own statement these communal and other reactionary policies of the "National Government" do not lead to any differences inside the Cabinet; there are no political differences but only "temperamental" differences as Nehru himself calls them.

COLLABORATION WITH IMPERIALISM

The policy pursued by the Nehru Government is one of collaboration with British and American imperialism. The British and American imperialists are securing strategic positions in India by "agreement" with the "National Government" which has agreed to no discrimination against foreign capital but encouragement to it; no nationalization, no tariffs which are not agreed to and joint concerns for the exploitation of the Indian people. This policy logically means no full scale industrialization of India but the growth of

only such industries as suit the interests of American and British capitalists.

The foreign policy of the Nehru Government illustrates the same collaboration.

From the very beginning Pandit Nehru adopted a line of forming a so-called third bloc—a line which represented the interests of Big Business inasmuch as it kept India away from the Anti-Imperialist and Democratic Camp. At a time when the Anti-Imperialist Democratic Camp is engaged in a life and death struggle with the Imperialist Camp led by American imperialism, Nehru refuses to take the side of the former camp and poses neutrality. This so-called neutrality between the aggressor and the non-aggressor, between the warmonger and the peace-loving and between the expansionist and the freedom-loving camps is only a mask to cover collaboration with the Anglo-American imperialists.

Recent months have torn the mask of "neutrality" from the Nehru Government's foreign policy. On all crucial issues the Indian delegation in the U.N. has taken an anti-democratic and pro-imperialist stand. It voted for "Little Assembly" devised to paralyze the democratic forces inside the U.N.; it voted against immediate withdrawal of foreign troops from Korea; on the question of representation of Ukraine in the Security Council it allowed itself to be exploited by American imperialism.

On the questions crucial for the peoples of Asia in particular, on the

American-directed Kuomintang war against the Chinese people and the French colonial war in Viet Nam, it has remained silent and refused to act; so also on the question of the Japanese Peace Treaty it has virtually lined up with Anglo-American imperialism. Over the American-backed Dutch war against the Indonesian people, it has approved of the betrayal of the Indonesian freedom struggle, achieved through the latest truce, put through by the U.S.-sponsored and dominated Good Offices Committee and welcomed by President Truman.

The British imperialists are giving open hints about an anti-Soviet bloc including their overseas Empire. Along with this come reports about an alliance of South East Asian countries embracing India, Pakistan, Burma and Ceylon in agreement with Britain. There are also reports about Military Missions from Britain coming to India to keep her defense properly organized.

This shows how the "National Government" representing the Indian bourgeoisie is dragging India into an anti-Soviet and anti-democratic bloc in a scheme of defense of American and British Empires in the East.

ESSENCE OF POSTWAR DEVELOPMENT

The big change that has taken place in India's postwar politics is the salient truth that the Indian bourgeoisie, or in other words the Congress leadership which represents

it, has given up its oppositional role and has become collaborationist and therefore reactionary.

Two big facts have determined this course.

First, the growing revolutionary upsurge has made the Indian bourgeoisie afraid of the masses. It can no longer gamble with mass movements to secure concessions from imperialism.

Secondly, the Indian bourgeoisie itself is in need of foreign markets, in view of the shrinking Indian market due to economic crisis. But this dependence on foreign markets is nothing but dependence on the colonies and semi-colonies of Britain and America. This enables Britain and America to force down any condition before access to these markets is given.

The economic basis for this collaboration was firmly laid down in the war period itself.

First, during the war period the Indian bourgeoisie became enriched by earning fabulous profits. The growing accumulation of liquid capital has made the Indian bourgeoisie look in all directions for investment.

Secondly, in the capitalist world the British and American imperialists possess the monopoly of capital goods which the Indian bourgeoisie so urgently needs. In order to secure them the Indian bourgeoisie is prepared to please the Anglo-American imperialists in any way and accept any terms.

The economic basis of this collaboration has been further strengthened

by the postwar crisis of capitalism, a crisis born out of over-accumulation of capital, loss of capitalist markets in the new democracies, production crisis and over-accumulation of unsold stocks going side by side, and finally the new threat of a world-wide crisis of "over production" with collapse of prices. The determination of the toiling people all over the world to solve the crisis in a voluntary way is throwing all reactionary forces into one camp despite their mutual conflicts of interests in the course of the crisis.

PERSPECTIVE OF INDIAN SITUATION

The policy pursued by the "National Government" in collaboration with American and British imperialism is not solving but intensifying the crisis. The purchasing power of the people is deteriorating rapidly; inflation and high prices are rising unabated.

The working class is faced with constant lowering of real wages and mass retrenchment. The agrarian crisis has enveloped the entire country. Famine has become chronic and the mass of peasants are being pauperized on an ever-ascending scale. Commodities are accumulating in the hands of monopoly capitalists and traders, land is being concentrated in the hands of landlords. Impoverishment is growing on a mass scale among the middle-class toilers due to inflation, high prices, black market and retrenchment.

With existing price levels and

profit motive of the capitalists a saturation point is being rapidly reached in the market when the illusion of too few goods will be shattered and the crisis will really reveal itself as a crisis of overproduction because the impoverished toiling people can not even buy the goods that are there.

The Indian bourgeoisie and their representatives, the leadership of the National Congress controlling the so-called National Government, are trying desperately to retain their profits and position by shifting the burden of the crisis onto the shoulders of the toiling people.

They are trying to retain the existing land relations and feudal exploitation, attacking wage standards, forcing prolongation of working hours, demanding higher prices of goods or decontrol, opposing nationalization for securing uncontrolled profits, effecting mass retrenchment and intensification of labor by rationalization, attacking trade unions, *kisan* [peasant] organizations and democratic liberties and ruthlessly suppressing workers and peasants.

To save their profits from the rapidly growing crisis and collapse of the Indian market they are seeking for crumbs of export trade from the colonial market dominated by Anglo-U.S. imperialism and selling the country to the imperialists by making capital deals with them for joint exploitation of India, integrating imperialist commonwealth relations, collaborating with imperialist war preparations for the extension of markets, and guaranteeing the suppression of

labor and democratic struggles in India.

But this policy in its turn, leading to further impoverishment and fall in the purchasing power of the masses, only still further accentuates the crisis and hastens the doom of all reactionaries.

That is why, despite the communal offensive launched by reaction, the disruption and ruthless suppression practiced by the Governments and national leaders, and the great illusion that the masses still have about the national leadership, the postwar upsurge of the masses goes on unabated. The strike wave of the workers reached unprecedented heights last year, the battles in *kisan* areas have forged ahead, the Government servants and middle-class employees are a mass of seething discontent, the student masses have moved forward to heroic struggles.

Despite the treachery of the national leadership and the Right-wing leaders of the States' peoples' movements in bartering away the freedom of the States' peoples for an ignoble compromise with the Princes, in the profit making interests of the bourgeoisie, the peoples of the States have been fighting heroically for ending feudal autocracy.

In Hyderabad, the people have started resisting with captured arms the armed might of the Nizam, distributing the landlords' lands to the tillers, assuring increased wages to agricultural labor and practically making the Nizam's rule non-existent in thousands of villages.

The people's disillusionment and upsurge are rapidly advancing. They are more and more demanding the establishment of real democracy, people's democracy, and a State embodying people's democracy.

The working class in alliance with toiling peasants and other sections of the petty bourgeoisie can alone fight for such a democracy and for solving the crisis in the people's way. Confiscation of foreign capital, nationalization of all key and basic industries, radical improvement of workers' standards of living, abolition without compensation of all forms of landlordism and land to the tillers—such are the basic aims of the people's democratic revolution.

The primary condition of such a democratic solution of the crisis is the establishment of a People's Republic based upon the hegemony of the working class and direct rule of the toiling people.

A clean sweep must be made of all reformist illusions about the "National Government" and Congress leadership and a new Democratic Front must be built up under the hegemony of the working class to fight for a People's Republic and solve the crisis in the people's way.

DEMOCRATIC FRONT

The Democratic Front must be built up through the struggle of the common people against exploitation and oppression. It must be based upon the alliance of workers, toiling peasants and other exploited middle classes. It will be built up as a mass

organization directed toward a disciplined and firmly united mass political organization of the entire toiling people.

Unity of the Left forces has to be secured through common struggles for the success of the Democratic Front. In order to achieve Left unity, not only the dominant bourgeois leadership but also the bourgeois leaderships of the Left parties must be exposed and their true colors revealed to the masses.

The leadership of the Socialist Party, for example, is pursuing a policy of supporting the bourgeois national leadership, cheating the masses by means of Socialist demagoguery and anti-Communist, anti-Soviet slanders. This leadership and similar other leaderships of Left parties advocate Leftism in name but actually play the role of a Parliamentary bourgeois opposition and divert the consciousness of militant masses along anti-Communist and disruptive channels. They disrupt the unity of the toiling people and thereby save the position of the reactionary forces.

DEMOCRATIC PROGRAM

The program of the Democratic Front should contain the following:

(1) Complete severance from the British Empire and full and real independence.

(2) A democratic government representing the workers, peasants and other sections of the petty bourgeoisie, opposed to collaboration with Anglo-American imperialism, allied

to the democratic States working for peace and freedom of all nations.

(3) A constitution based on adult suffrage and proportional representation, guaranteeing full freedom and democracy to the common man and fundamental economic rights.

(4) Self-determination to nationalities including the right of secession. A voluntary Indian Union, autonomous linguistic Provinces.

(5) Just and democratic rights of minorities to be embodied in the constitution, equality and protection to the language and culture of minorities, all liabilities, privileges and discriminations based on caste, race and community to be abolished by law, and their infringement to be punishable by law.

(6) Abolition of Princedom and feudal rule in the Indian States and the establishment of full democracy. On the question of accession, exposure of the policies of the Governments of both India and Pakistan of parading accession to the Indian Union or Pakistan as a big triumph and explanation to the common people that the urgent and primary task inside the States is abolition of Princedom and feudal rule and establishment of a people's democratic State.

Accession before that is only slavery of the States' peoples both to Princely autocracy and to the bourgeois rulers of the Indian Union. It is only after the people of the States become completely free that they can have real liberty to decide the question of their relation with the rest of

India. At that stage the question will be decided by the wishes of the people.

(7) Freedom of the tribal and such other backward peoples from economic, cultural and political oppression, extension of full democratic rights to them, prompt and adequate State aid for their development, so that they may rapidly catch up with the advanced nationalities.

The people of all contiguous, compact, predominantly tribal areas shall have regional autonomy. They may form autonomous areas within the Provinces, enjoying full powers regarding general administration within the areas and specially regarding the economic and cultural matters of directly area importance. The people of such areas in suitable areas may also form a separate Province or Provinces. The people of such areas or Provinces shall have the right to secede from the State by democratic verdict.

(8) Co-operation between the Indian Union and Pakistan for economic help, military and political alliance for defense, to pursue a democratic foreign policy in co-operation with the democratic States against the Anglo-American bloc.

(9) Abolition of all forms of landlordism without compensation and distribution of land to the tillers of the soil. Abolition of landlordism must mean confiscation of *khas* lands of the non-cultivating land-owners and ensure land to the sub-tenants and share-croppers. Liquidation of rural indebtedness and abolition of

usury; living wage for the agricultural laborer.

(10) Confiscation by the State of interests of foreign capital in banks, industrial and transport concerns, plantations, mines, etc., and nationalization of these concerns.

(11) Nationalization of big industries, big banks and insurance companies, guarantee of workers' control, minimum living wage, eight hour day, etc.

(12) Economic plan to develop India's resources and removal of Big Business from strategic economic points. Control of profits in the industries in private hands.

(13) Repeal of all repressive legislation.

(14) Elimination of the bureaucratic administrative State apparatus and the establishment of a democratic administration with elected officials guided by people's committees.

(15) General arming of the people and the establishment of a democratic army.

(16) The right to free education and compulsory primary education.

(17) Equal democratic rights to women.

Among the workers, peasants and other oppressed sections of the Indian people never was there so much response and so much understanding of the main slogans of the democratic movement: abolition of landlordism and land to the tiller; abolition of Princely autocracy; nationalization of key industries and living wage; democratic liberties; etc.

The economic crisis is setting in

motion colossal forces. The workers are fighting battle after battle with supreme courage and reckless abandon and the situation is moving toward a general offensive on the part of the working class. On the agrarian front too the *kisans* are coming up in elemental upsurge, defeating repression, coming back again and again to the attack.

It is the task of the Party to lead all working-class struggles, unify and direct them for the achievement of the basic demands of the working class and as a part of the struggle for the program of the Democratic Front.

It is the task of the Party to lead the growing struggles of the peasantry, centering them around the demand, "Land to the Tiller," as well as the struggles of the other oppressed sections; and unite them for achieving the program of the Democratic Front.

The Communist Party, by leading and directing the struggles toward this end and by coming out as the boldest opponent of imperialism, of the reactionary bourgeois national leadership and their henchmen will accelerate the process of disillusionment of the people and firmly establish the hegemony of the proletariat which is the only guarantee of a successful fight for people's democracy.

In the present period of world crisis the task of pushing the democratic movement ahead is the responsibility of the working class and its party, the Communist Party. It is

therefore incumbent upon the toiling people and their true friends to strengthen and broaden the Communist Party. A mass party with a conscious membership fully trained in Marxism-Leninism and deeply rooted among the toiling people—such must be our watchword.

REPORT ON SELF-CRITICISM*

THE NEXT IMPORTANT REPORT placed before the Congress was the one on self-criticism, introduced by Comrade B. T. Ranadive. The delegates who had come with the firm determination to forge a new revolutionary line also wanted to be clear about the mistakes of their own as well as of the leadership, for without a clear understanding of the past mistakes there could be no firm understanding of the new revolutionary line, nor could there be any guarantee against future mistakes.

Comrade Ranadive's report on self-criticism was a sharp and clear exposition of the reformist deviations and vacillations displayed by the old Central Committee in the execution of the otherwise correct line pursued by the Party. The review generally covered the period between the two Congresses of the Party.

In regard to the line adopted by the Party in the period of the anti-fascist people's war, Comrade Ranadive emphasized its fundamental correctness and the achievements

* From a "Review of the Second Congress of the Communist Party of India," issued by the Political Bureau, C.P.I., and published as a supplement to the *People's Age*, Bombay, March 21, 1948.

which the Party had been able to make because it adopted fundamentally correct proletarian slogans in that period.

He pointed out that if the Communist Party had followed in the wake of other bourgeois parties and had gone in for a full-scale opposition to the anti-fascist people's war with all its organized strength among the working class and the peasantry, it would have spelled a veritable disaster for the whole country.

By holding firm the correct proletarian line the Communist Party not only remained true to the banner of proletarian internationalism, not only strengthened its bases among the workers and peasants, but also saved the country from what could have been a veritable disaster.

The mistakes in that period arose from a wrong understanding that the military defeat of fascism would automatically lead to the liquidation and elimination of imperialism itself and as such to the automatic liberation of all peoples.

This wrong understanding which was part of the analysis given in *Forward to Freedom*, underestimated the intrigues and sabotage that the imperialists were carrying out in the people's camp.

The mistaken theory that imperialism was a prisoner in the people's camp made us forget the fact that imperialism continued to function in India even in the period of the anti-fascist people's war, strengthening at every step the imperialist-feudal economy and its own role, even at the cost

of sabotaging the war against fascist aggression.

This total underestimation of the role of imperialism in the period of the people's war made us lose sight of the task of exposing imperialism and fighting it within the framework of support for the anti-fascist war.

For instance, in connection with the food crisis and the Bengal famine we correctly exposed the role of the hoarders and black-marketeers but forgot to expose the role of imperialism, whose policy of inflation and of bribing the Indian bourgeoisie and of transferring the burden of the war on to the shoulders of the people was actually the root cause of the food crisis as well as the disastrous Bengal famine.

Similarly, while we were quite correct in organizing the peasant effort to grow more food, we tended to forget that the main fight against the imperialist-feudal agrarian structure should not be slackened.

Again, we were right in preventing sabotage in production and avoiding strikes as far as it was consistent with the defense of the living conditions of the working class, but it was necessary for us to see that it was not possible to raise or organize production as long as production remained in the hands of profiteering capitalists and an imperialist Government for whom profits and not the interests of the anti-fascist war constituted the main guiding factor.

It was not only in connection with the attitude to imperialism, it was pointed out, but in connection with

the understanding of the day-to-day developments of the war that a number of mistakes were committed. We ignored changes in the military situation developing during the course of war, changes which would have enabled us to adjust our strategy to suit new conditions.

With the battle of Stalingrad, for instance, and the turn in the tide of war, as the defeat of fascism became certain, we could have adopted supple tactics in relation to the struggle against imperialism in preparation for the postwar revolutionary upsurge, increasingly marshalling and unleashing the forces of struggle as the war situation improved, applying extreme pressure, both economic and political, and creating a serious situation for imperialism.

We were right in those days in demanding the release of national leaders and raising the slogan of national government for national defense, but in fighting for these slogans we trailed too much behind the national bourgeois leadership, instead of taking an independent proletarian stand. We overrated the supposed anti-fascism of the bourgeois leadership and did not sufficiently realize and expose their opportunist role and gambling policy in relation to the Japanese invasion.

Thus the two main reformist deviations of this period were: that the edge of our fight against imperialism was dulled; and that we began to trail behind the bourgeoisie instead of exposing it and following an independent policy.

This expressed itself in this—that the Left groups and parties which were only carrying out the policy of the opportunist bourgeois leadership were attacked even more severely by us than the national leadership, calling the Left groups “fifth column” and agents of the fascist powers.

This also expressed itself very sharply on the question of the application of the slogan of self-determination of nationalities to the Hindu-Muslim question.

Undoubtedly the main slogan raised by the Party that the Hindu-Muslim question was the distorted expression of the existence of various nationalities in India was fundamentally sound. We were quite correct when we nailed down the Congress opposition to self-determination of nationalities and we correctly exposed and fought the Congress leadership for its refusal to take its stand on that principle in order to build a joint front against imperialism.

But we did not ask the bourgeois-landlord leadership of the Muslim League as to where it stood in relation to the struggle of the masses against imperialism. On the contrary, we often applied the principle of self-determination in a manner which helped the separatist demand of the Muslim League for Pakistan.

This serious deviation arose mainly because in those days we were trailing behind the bourgeois leadership of both the Congress and the League and had illusions that the unity of the Hindus and Muslims and of the

Congress and the League could be achieved by the bourgeois leaderships themselves. It was because of these illusions that we busied ourselves in working out detailed "practical" solutions to suit the separatist demand of the League leadership.

We did not see that the bourgeois leaderships of both the Congress and the League which were pursuing opportunist and compromising policies vis-a-vis fascism and imperialism could not be united for a real anti-fascist, anti-imperialist stand.

We forgot the fundamental Leninist teaching that the unity of the people of different nationalities, communities, etc., can be achieved only by the proletariat by bringing the toiling and common people of both together in the common fight against imperialism and reaction, only by simultaneously exposing the demand of the dominating and separatist bourgeoisie, only by firmly standing for the right of self-determination of nationalities which could be really implemented by the people in the context of the achievement of democratic revolution.

It was these two reformist deviations of the war period, namely, the underestimation of the role of imperialism and the trailing behind the bourgeois leaderships and the faith in their anti-fascist and anti-imperialist bonafides which were the root cause of the serious reformist deviations which we committed in the postwar period.

The result was that when the war ended we were not quick enough to

see the new rising postwar revolutionary upsurge, nor did we see the changed correlation of forces in which imperialism, menaced by the rising revolutionary tide, began to seek a new social basis in the colonies, namely, the collaborationist bourgeoisie, in order to perpetuate its domination over the colonial people.

Instead there was a tendency to fall a prey to reformist theories about peaceful development toward independence and socialism and to abjure struggle.

Our ranks began instinctively to lead the upsurge from about the end of 1945, but it was only in July-August, 1946, that the Central Committee was able to see the existence of the revolutionary upsurge and work out the main slogans of developing the partial struggles for the achievement of the democratic revolution and for the seizure of power by the people.

The Central Committee resolution of August, 1946, was a great turning point. It gave the line clear to our ranks to lead the great strike battles on the railways and in the textiles, to head the great struggles of the peasants for Tebhaga in Bengal and similar struggles in U.P. and Bihar which enabled our comrades to unleash revolutionary struggles against the feudal autocracy in Travancore and against the autocracy of the Nizam in Hyderabad.

Though the August Resolution gave our Party a correct line to head the struggles, there were many comrades who thought that it was a Left-

sectarian resolution. It is from this time that there came into existence two trends inside the Central Committee. There was a trend inside the Central Committee which thought that the August Resolution was Left-sectarian. In reality the fault of the August Resolution was that it suffered from a Right-reformist deviation; for, though the August Resolution gave a clear call for heading the struggles, though it spoke of the compromising policies of the Congress and League leaderships, it still left plenty of room for illusions about the oppositional role of the national bourgeois leadership.

Its real failing was that it failed to characterize sharply the collaborationist role of the bourgeois leadership of both Congress and League which had become quite apparent after the formation of the Interim Government, in which both the Congress and the League leaders were participating.

After August, 1946, came the bloody riots in Calcutta, Noakhali and Bihar. Toward the end of the year came the repression of the Communist Party in the South; about 100 leading Communists were jailed without trial.

The imperialist-bourgeois combine had opened its offensive against the rising upsurge. In the face of this offensive, those in the Central Committee who had originally opposed the August Resolution as Left-sectarian began now to resile back and turn toward a Right-reformist repudiation of the Resolution.

The formulation that the Interim Government was a Government of compromise and surrender was thrown overboard. A sharp criticism of the Congress Ministries which were suppressing the workers' and peasants' struggles as agents of vested interests was condemned as incorrect. They were to be given a clean alibi while only the bureaucracy which was in fact doing their bidding was to be attacked.

The great struggles of the working class of Travancore which culminated in the heroic resistance of Vayalar and Punnapra battles, the dogged struggle of the textile workers of Coimbatore in the teeth of murderous *goonda* attacks, the revolt of the Warlis, all these were dubbed as vanguardist actions that had provoked Ministerial and police repression and, therefore, were to be discouraged.

There was a tendency to line up behind the hypocritical bourgeois slogan of national reconstruction and of minimizing strikes while ignoring the brutal offensive which the capitalists had opened against the living standards of the working class. There was even a tendency to think in terms of agreeing to the treacherous slogan of industrial truce.

In the face of the riots of 1946 and 1947 there was a tendency to line up behind Gandhi and Nehru instead of exposing their policy which was itself playing into the hands of the imperialist-feudal riot-mongers and often even directly inciting riots. There was a servile throwing of bou-

quets to the bourgeois leaders like Gandhi and Nehru in the name of fighting communal reaction.

Such was the backsliding and retreat noticeable within the ranks of the Central Committee which came in the face of the offensive of reaction, namely, communal riots and repression. It was advocated mainly by Comrade J. C. Joshi, representing the reformist trend inside the Central Committee. For a time even the others who had initiated the line of the August Resolution vacillated and thus it was that the resolution on the Mountbatten Award of June, 1947, was passed unanimously by the Central Committee.

For a time nobody saw the enormity of the reformist deviation involved in that Resolution. To cover up the greatest betrayal of revolution, to screen the treacherous deal it had struck with imperialism, the bourgeois leadership raised the hope of "freedom won" through huge celebrations throughout the country.

We were ourselves taken in by this. When the ghastly post-partition riots began in the Punjab and Delhi, we did not see them as the inevitable nemesis of the treacherous policy of collaboration with imperialism and its feudal allies which the Congress leadership itself was pursuing. Instead of exposing that policy, we lined up behind Gandhi and Nehru and became supporters of the Nehru Government. We built up a theory of differences between Sardar Patel on the one hand and Nehru and Gandhi on the other to justify our

uncritical support to Nehru and Gandhi who in fact were pursuing the same policy as Sardar Patel.

We forgot the simple truth that the riot offensive of imperialism and its reactionary allies could not be defeated by lining up behind Gandhi and Nehru and by glorifying their alleged "fight" against communal reaction, but only by defeating the collaborationist policy of the entire bourgeois leadership and the Government. However, in the months after August 15, the majority of the Central Committee out of their own experience soon began to discover how far they had strayed from the correct revolutionary line which they had themselves begun to shape since August, 1946.

In the meeting of the Central Committee which was held in December, 1947, the majority of the Committee took a firm stand and adopted the statement of policy and the document for the Party Congress on the basis of which the present draft political thesis was framed. Comrade Joshi, who accepted the statement of policy, had not yet made a complete turn and did not vote in the meeting for the document.

Summing up his report on self-criticism, Comrade Ranadive said:

Today, Comrade Joshi unreservedly accepts the political thesis, though he will certainly have to struggle very much to make a complete turn. For a time there was a serious situation inside our Party. Reformism had invaded our ranks.

It would be wrong to think that all

mistakes were made by the Central Committee and the Political Bureau alone. There is no doubt that theirs was the main responsibility. But all including the delegates assembled here will have to turn the light inwards and self-critically examine their own mistakes and their experience of the struggles.

It is only through such Bolshevik self-criticism that we can, at this Congress, unify the entire Party behind the revolutionary line that we are formulating here and equip ourselves to advance into the coming battles with bold faith and firm confidence.

Comrade Ranadive's report which he took nearly 4½ hours to deliver, was listened to in the midst of pin-drop silence. In the course of his speech he had not only criticized Comrade Joshi, but had also nailed the reformist deviations of every other Political Bureau and Central Committee member including himself.

Next to speak after Comrade Ranadive had finished his report was Comrade Joshi himself. He fully supported Comrade Ranadive's report. He said that he himself was the leader and organizer of the Right-reformist deviations inside the Party and he was the last among the Central Committee members to accept the political line of the thesis. He mercilessly criticized his own mistakes and traced its ideological roots to the repudiation of Marxism and Leninism. He was overwhelmed with emotion as he made these points in the course of his one-hour speech.

ELECTION OF THE NEW CENTRAL COMMITTEE*

On the concluding day of the Congress, the out-going Central Committee placed a panel of the new Central Committee before the Congress for adoption. It was an enlarged Central Committee which, while it included the majority of the old Central Committee members, also included nearly an equal number of new Central Committee members drawn from the main leaders of the mass struggles on different fronts from several Provinces. It was a Central Committee truly representative of the great mass struggles that the Party was leading on the various fronts throughout India.

There was a keen discussion from among the delegates on this panel. The delegates wanted to be assured that the new Central Committee would have a firm majority of such comrades who had fought for the new revolutionary line and who would ensure its correct execution in the future. The proposed Central Committee panel also included the name of Comrade Joshi.

In the course of the discussion, various amendments were moved to the panel and six more nominations were put up. The whole enlarged panel was then put to vote in order to elect the fixed number for the Central Committee as decided by the Congress.

In the course of this polling the

* See footnote to page 470.

entire panel proposed by the Central Committee, excepting the name of Comrade Joshi, was passed. Though Comrade Joshi had accepted the political thesis and expressed his acceptance of it as well as of the report on self-criticism before the Congress, the voting showed that the Congress was of the opinion that he should not be in the new Central Committee because he had been the last of the old Central Committee members to accept the new line and had resisted it more strongly than anyone else.

Immediately after the election of the new Central Committee, the Committee met during the Congress itself and unanimously elected Comrade B. T. Ranadive as General Secretary of the Party. Comrade Ranadive's election was then announced to the Congress and greeted with loud applause.

The election of a Control Commission of three comrades, which will be responsible for dealing with all appeals over questions of discipline, and the adoption of the reports of the Credential Commission and the Auditing Commission (which approved the finances of the Party) were then carried unanimously.

The entire Party Congress was keenly followed by a strong fraternal delegation which had come from the brother Communist Parties of

the various countries specially to attend the Congress.

The Second Congress of the Communist Party of India thus marks a great turning point in the history of our Party. It displayed a magnificent and united initiative of the rank and file delegates and the leadership of the Party in evolving a revolutionary line, policy, and tactics in a period of revolutionary crisis in India.

It has made a decisive break with the reformist deviation of Party policy which continued for five years or more.

As a result of this Congress the Party emerges solidly united behind the new revolutionary line and behind the new leadership, ready to go into action with firm faith in Marxism-Leninism and full confidence in the revolutionary spirit of the masses.

The Party Congress has handled with great firmness and collective wisdom a serious inner-Party crisis. And that this serious inner-Party crisis was solved with such firmness, discipline and united determination did honor to the entire rank and file delegates and leadership of the Party, to their loyalty to the principles of Marxism and Leninism, to their loyalty to the principles of the Communist Party organization and to the cause of the proletarian revolution.

FROM THE TREASURY OF MARXISM

"... TO THE VERITABLE PEOPLE, THE PROLETARIANS ..."

(On November 29, 1847, a meeting to commemorate the Polish Insurrection of 1830 was held in London by the Fraternal Democrats, an international society founded in 1845 by Julian Harney and fellow-Chartists together with political exiles from the continent. Greetings were brought to this meeting from the Democratic Association in Brussels by its delegate and vice-president, "the learned Dr. Charles Marx." The Association, established in September, 1847, was likewise of an international character, uniting the Belgian Democrats with the political emigrants living in Brussels. Following is the reply by the Fraternal Democrats to the greetings of the Democratic Association. First printed in the Chartist organ, *The Northern Star*, December 11, 1847, the letter was reproduced (in the original English) in the *Marx-Engels Gesamtausgabe* (Collected Works of Marx and Engels, Marx-Engels-Lenin Institute, Moscow-Leningrad, 1933, First Section, Volume I, pp. 634-36).

It is especially fitting on this May Day occasion to present anew this early document associated with Karl Marx, which belongs to the heritage of proletarian internationalism, democracy, and the fraternity of nations.—*Ed.*)

"The Fraternal Democrats" assembling in London to "The Democratic Association for promoting the fraternity of all nations," assembling in Brussels.

Brother Democrats,—Your address of date the 26th of November, 1847, was received at a public meeting of the members and friends of this society, holden on the 29th ultimo, in commemoration of the glorious, though ill-fated, Polish Insurrection of 1830.

Your delegate, our esteemed friend and brother, Dr. Marx, will inform you of the enthusiasm which hailed his appearance, and the reading of your address. Every eye beamed with delight, every voice cried "Welcome," and every hand was extended with all the warmth of heartfelt fraternity, to receive your representative.

The names of your Committee excited the applause of our members. The

human race owe a debt of gratitude to your councillors for their services and sacrifices in the cause of Liberty. An Association which includes in its ranks the heroic General Mellinet, and the glorious and incorruptible patriot Lelewell, must command the confidence of the Democrats of all nations. For ourselves, we accept your proffered alliance with feelings of unspeakable pleasure.

Our society has existed for more than two years. Taking for our motto
"All men are Brethren,"

we have laboured to unite the friends of veritable liberty belonging to all countries. In England our efforts have created a brotherly feeling on the part of that great body of the British people, the Chartists, towards the real reformers of all other lands. Our manifestoes have circulated in France and Germany, with the happiest results. We have laid bare the atrocities of the tyrannical governments of Europe towards Poland and Portugal. At a moment when war between England and the United States appeared to be imminent, we appealed to the people of both nations against the madness or wickedness of their government, and exhibited the folly and crime of national wars for territory, or that phantom folly of the hideous past called "glory." We spoke not in vain. We know that our words largely contributed towards the creation of a brotherly feeling between the two great branches of the Anglo-Saxon family.

On the occasion of our late anniversary, (the 22nd of September) we recommended the calling of a Democratic Congress of all nations, and we rejoice to learn that you have published a similar proposition. The conspiracy of kings should be met by the counter-combination of the peoples. Whenever the Democratic Congress may assemble, you may rely upon the English Democracy being represented thereat. It must be the work of your society in connexion with ours to assemble the representatives of our brethren throughout Europe.

Your delegate, Dr. Marx, will inform you of the arrangements we have entered into with him to render effective the union of the two associations.

The oppressed, people of the several European countries may propose to themselves various modes of accomplishing their emancipation; they may differ as to the peculiar forms of the free political systems they seek to establish, and they may not agree on the social reforms necessary to render liberty a reality; on these points, unity of sentiment and action may be neither possible nor necessary. But there are two points of agreement for the Democrats of all countries, namely, THE SOVEREIGNTY OF THE PEOPLE, and THE FRATERNITY OF NATIONS. That the actual power of the state—the power to make and amend the political and social institutions of society, shall be

vested in the entire people, is demanded by Democrats of all lands. All Democrats, too, worthy of the name, acknowledge that the interests of the people of all countries are the same, and that all nations should aid each other in their struggles for justice. These two principles—*Popular Sovereignty* and *Universal Fraternity*, may, therefore, bind the veritable Reformers of all countries in one invincible phalanx.

Earnestly hoping the success of your association, and the welfare of its members, we tender to you our fraternal salutation, and pledge to you our aid in promoting the triumph of the glorious principles our respective societies are established to propagate.

We are aware that it is to the *veritable* people, the Proletarians, the men whose sweat and blood are poured out daily under the slavery imposed upon them by the present system of society, we are aware that it is to these we must look for the establishment of universal brotherhood. It is the interest of landlords and money-lords to keep the nations divided; but it is the interest of the Proletarians, everywhere oppressed by the same kind of task-masters, and defrauded of the fruits of their industry by the same description of plunderers, it is their interest to unite. And they will unite. From the loom, the anvil, and the plough, from the hut, the garret, and the cellar, will come forth, are even now coming forth, the apostles of fraternity, and the destined saviours of humanity.

Hurrah for Democracy! Hurrah for the Fraternity of Nations:

Signed by the secretaries and members of the committeee

Geo. Julian Harney)	
Ernest Jones)	
Charles Keen)	Great Britain,
Thomas Clark)	
J. A. Michelot)	
H. Bernard)	France,
Carl Schapper)	
Joseph Moll)	Germany,
Louis Oborski, Poland,		
J. Schabelitz, Switzerland,		
Peter Holm, Scandinavia.		

AMERICAN TRADE UNIONISM

By WILLIAM Z. FOSTER

- selected writings by a veteran Communist Party and labor leader on the past 35 years of trade union activity.
- selections include: the Great Steel Strike; Trade Union Educational League; the Question of the Unorganized; Trade Union Unity League; Organization of Negro Workers; Industrial Unionism; Communists and the Trade Unions; New World Federation of Labor; the Trade Unions and Socialism.

Price: \$2.85

HISTORY of the LABOR MOVEMENT IN THE UNITED STATES

By PHILIP S. FONER

- a detailed study of the struggles of the working class to win an improved status in American society.
- a history of the rise of trade unions and their influence on the development of American capitalism.
- an authoritative work based on new and previously unpublished material.

Price: \$3.75

ILLUSION AND REALITY

By CHRISTOPHER CAUDWELL

- a "study in the sources of poetry" with a philosophy of art in terms of both the individual and society.
- begins with a study of the origins of art in tribal life; discusses the development of English poetry from Shakespeare to modern times; examines the language of poetry, the differences between art and science.

Price: \$3.75

NEW CENTURY PUBLISHERS

832 Broadway • New York 3, N. Y.

NOTES FROM THE GALLOWS

By **JULIUS FUCHIK**

The story of a Czech Communist's struggle against fascism during the occupation of his country by the Germans, his imprisonment, torture, and execution.

"His report describes his Golgotha, his mental and physical tortures, until the last moments before his death on the gallows. The factual report grows into a very moving and beautifully written '*document humain*'."

—*Saturday Review of Literature*

"Fuchik's book is a document testifying to the greatness of man's spirit. . . . For literary form it is a gripping story; for meaning and content, it is a work of great profundity. It is the embodiment in living human images and deeds of the ideology and outlook of the most advanced part of mankind, the part to which the future belongs. . . . Fuchik's book, like his life, is permeated with this philosophy of life triumphant."—*New Times*

128 pages Price: \$.60

NEW CENTURY PUBLISHERS
832 Broadway, New York 3, N. Y.