

Fourth International

THE MARSHALL PLAN

Its History
and
Development
from
'Economic Aid'
to Military
Program

By Pablo

Henry Luce and Karl Marx

By G. F. Eckstein

Czechoslovakia Since 1945

A First Hand Report

*Three Years of Britain's
Labor Government*

Truman's War Program

Soviet Music Purge

March - April 1948

25c

Manager's Column

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Fourth International appears in a new format this issue, as part of our efforts for an early return to regular monthly publication. This format reduces both printing and paper costs, which have exceeded revenues from subscriptions and sales in the recent inflationary spurt. There will certainly still be a monthly deficit, but as soon as enough donations are received to meet this reduced deficit, we will resume monthly issues.

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CONTENTS

Review of the Month
Capitalism's Choice: Ruinous War or Depression 35
Washington's 'Cold War' Moves Into Its Decisive Military Phase 36
A Momentous Decision: First S.W.P. Presidential Campaign 38
Henry Luce and Karl Marx..By G. F. Eckstein 40
Three Years of the British Labor Government ..By Arne Swabeck 46
The Marshall Plan — I ..By Pablo 51
J. Stalin, Music Critic ..By George Sanders 56
The Real Situation In Chechosslovakia ..By P. L. 57

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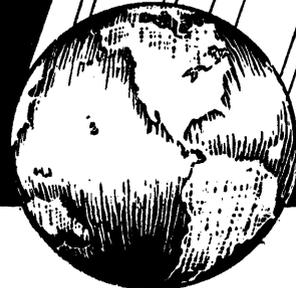
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NUMBER 2

WORLD IN REVIEW

U. S. Imperialism's Dilemma -- "Cold War" Moves Into the Military Phase -- The Dobbs-Carlson Presidential Ticket of the Socialist Workers Party

Capitalism's Choice: Ruinous War or Depression

ALTHOUGH THE CAPITALIST SPOKESMEN hurled particularly rabid anathemas upon Marxism on the 100th anniversary of the Communist Manifesto, they all seized upon one excerpt of the manifesto as proof of the continuing health and viability of the capitalist system. Marx paid tribute to capitalism in its *prime* as follows:

The bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal creative productive forces than have all the preceding generations together. Subjection of Nature's forces to man, machinery, application of chemistry to industry and agriculture, steam-navigation, railways, electric telegraphs, clearing of whole continents for cultivation, canalization of rivers, whole populations conjured out of the ground — what earlier century had even a presentment that such productive forces slumbered in the lap of social labor?

Now that capitalism is in its *death agony* its apologists go back 100 years to quote from the encomium of Marx. But even during the healthy and progressive stage of capitalism, Marx was able to foresee its doom. Three paragraphs following the above passage, Marx predicts the growing convulsions of the capitalist system.

The conditions of bourgeois society are too narrow to comprise the wealth created by them. And how does the bourgeoisie get over these crises? On the one hand by enforced destruction of a mass of productive forces; on the other, by the conquest of new markets, and by a more thorough exploitation of the old ones. That is to say, by paving the way for more extensive and destructive crises, and by diminishing the means whereby crises are prevented.

No one can refute this accurate analysis today. The periodic crises during the rise of capitalism bear eloquent testimony to this keen forecast. But even Marx underestimated the depths of the eventual degeneration of capitalism. That was undoubtedly due to his belief that the working class would destroy the system before it reached the abysmal degradation in which it finds itself today. With the inclusion of the entire planet in the orbit

of capitalism there are no longer any new markets to conquer. Thus the twofold operation of extricating itself from crises, namely, the conquest of new markets and the enforced destruction of mass productive forces, have to be limited mainly to the latter.

The first world war marked the end of the upswing of the capitalist system. By 1913, capitalism had achieved its destined function. Despite its vicious exploitation of the working class, and especially of the colonial peoples, the productive forces of society developed at an accelerated pace, adding to the wealth of the world. What the capitalists themselves admitted, and what the liberals and reformists hoped to rectify, was the concentration of this wealth in the hands of fewer and fewer monopolists. But once the limits of its markets has been reached, there was no alternative for the survival of capitalism except to embark on an orgy of destruction of the productive forces. Since the capitalists of one country could expand their markets and fields for investment only at the expense of the capitalists of a rival power, war now became the logical outcome of capitalism. For capitalism in general, and each national section of the capitalists in particular must expand or die. Thus the intensified international struggle for a diminishing market led to two world wars, with a third in the offing.

BUT EVEN THIS DISMAL SITUATION FAILS TO take full cognizance of the terrific crisis facing capitalism. So vast are the productive forces developed by capitalism and so limited has the world market become, that the utilization of the productive forces for unproductive purposes has become an *integral* part of the program of the capitalists in order to stave off their immediate doom, only of course to lead to a more bloody and cataclysmic death in the future.

Destruction of the productive forces is an inevitable attribute of war. War is also the means through which the victorious capitalists expand at the expense of their rivals. Destruction is brought about not by design but as the result of the struggle for mastery.

The devastation of the first world war produced

scarcities throughout the world. During the first few post-war years the productive forces were utilized to meet these scarcities within the limits of a reduced purchasing power. The advantages accruing to American capitalism, which emerged for the first time as a creditor nation, enabled it to continue to accelerate its productive forces along orthodox lines after the scarcities caused by the war were eliminated. But only for a brief period of time, ending in the 1929 depression. Even this short flurry was due to the fact that American industry aided Europe with loans which were never repaid. Once the depression was underway there could be no emergence from it in the usual pattern of the past. The productive machine was so huge and the faith in further capitalist expansion was so shaken that private enterprise no longer dared to invest its funds for the rehabilitation and growth of the productive forces. It required the preparation for the Second World War to permit capitalism to function without the existence of millions of unemployed.

World War II saw havoc on a far more devastating scale than World War I. The new engines of destruction required more labor power and more raw materials, thus bringing about tremendous scarcities and imposing huge new sacrifices on the people. The present post-war boom likewise depends upon continuing scarcity. But now more than after the first world war, the boom was made possible by the staggering amount of goods and dollars spent without any prospect of a return in the various countries of the world.

But the scarcities caused by World War II are practically filled within the more limited purchasing power now prevailing. The steep commodity decline six weeks ago was a warning signal that the post-war boom was nearing its end. There is only one way left to stave off the evil day—as was done a decade ago—by preparation for World War III. Thus, less than three years after the end of hostilities, we are already in the midst of preparation for a new world slaughter.

The next cycle has already begun. It is now only a question of time before war becomes a reality, unless, of course, revolution breaks the chains of this vicious circle and destroys the capitalist system.

War preparations today differ from those in the past. Previously preparation for war was not regarded as an integral part of preserving the capitalist system. It was a genuine preparation for the war itself. While there is as much desire for "preparedness" today, there is also a conscious realization that war preparation serves as a prop to keep the country from a devastating depression. It has therefore become an end in itself in preserving the capitalist system.

This was fully revealed by the action of the stock market following President Truman's address to Congress. For a period of six weeks the markets and business were in a period of uncertainty as to whether the post-war boom was at an end. It was the conscious plan to step up

preparations for the next war that gave the markets their stimulus. War hysteria was caused by Truman and Marshall for the purpose of panicking the country into supporting war preparation. Undoubtedly in addition to the unfolding demands of their "cold war" against the Kremlin they were motivated by fear of a depression which at this time would place this country in a less favorable position vis-a-vis the Soviet Union.

THE CAPITALIST SYSTEM HAS COMPLETELY outlived its useful function. Today it can continue to survive only by producing larger and larger instruments of destruction. It can continue only by means of war, preparation for war and production to compensate for what it destroys. It can continue only by living off the wealth produced by former generations. The capitalists themselves have no faith in it. They must improvise war preparations—and then attempt to plunge the nation into another imperialist blood bath—in order to keep it alive although they are aware that the remedy is further undermining the very foundations of the system.

But even for the execution of these plans, the capitalist rulers are compelled more and more to rely on the industrial workers for productive capacity and military service. Here is their Achilles heel.

Devastating war or devastating depression! That's the only real alternative left to capitalism. Either one will sound its death knell. One hundred years after its publication, the inexorable doom predicted by the Communist Manifesto hangs over this system in the most literal sense of the word. With the same irrefutable logic, Marx and Engels demonstrated in the Manifesto that the working class alone must become the gravedigger of capitalism.

To aid the working class in this task, to dedicate all energy to preparation for its socialist revolution is the only realistic perspective today. Socialism alone can save humanity from its present dilemma and open up new vistas of progress. On the hundredth anniversary of the Communist Manifesto, we have every right to be confident in the power of the working class and in its socialist victory.

Washington's 'Cold War' Moves Into Its Decisive Military Phase

THE "COLD WAR" AGAINST THE USSR HAS moved into its decisive military phase. This is the sober editorial evaluation made by the *New York Times* of President Truman's St. Patrick's Day address to the joint session of Congress, and the important legislative measures resulting from it. Other spokesmen have presented a more partisan interpretation of Washington's belligerence. Truman was charged by the *New York News* with creating war hysteria as an electoral maneuver designed to save his dwindling political fortunes, particularly in his disintegrating Democratic Party. Such a motive is certainly not beyond the main product and pride of the Pendergast

machine. But it could not have played more than a minor role. The quick bi-partisan support given in Congress to his demand for an immediate draft and related measures shows that the basic decision was made by Wall Street, and transmitted through the White House.

The Big Business oligarchy ruling the United States made up their mind some time ago to choose the road to War. The immediate pretexts for the speed-up of their war preparations have been furnished by the February *coup* of the Stalinists in Czechoslovakia, the threat of an election victory for the Communist Party and its Socialist ally in Italy on April 18, and the dangerous strengthening of the Kremlin's positions in Europe as a whole during recent months.

CZECHOSLOVAKIA'S C. P. ATTAINED complete domination of the government by a combination of drastic police measures, and unleashed, but carefully controlled, mass action for new and more thoroughgoing nationalization proposals and agrarian reforms. Led by Premier Gottwald, the C. P. bureaucracy pressured the reluctant Social Democracy into a bloc with it. This coalition with the Socialists gave Gottwald a legal majority within the framework of bourgeois parliamentarism, which left the Czech capitalists politically helpless. Their spokesmen, headed by President Benes, capitulated after a short-lived, feeble resistance.

While retaining, but in greatly reduced measure, economic positions, the business interests of the country were left with nothing more than the merest shadow of authority in the state. The "National Front" established at Kosice in 1945 by the Stalin-Benes pact, which served for almost three years as the major class-collaboration machinery, has become a hollow shell. All real power in it is now wielded by Stalinism. The strongest industrial bourgeoisie in Eastern Europe proved as fragile a support for Wall Street's "cold" war against the Kremlin as the agrarian reactionaries in Poland, Bulgaria, Roumania or Hungary. This "bridge between West and East" collapsed like the thinnest of plank-boards. Alarmed, Washington reacted to the coup in Czechoslovakia with the wildest anti-Soviet propoganda campaign to date.

THE HEAVY SHADOWS CAST OVER ITALY have aggravated its fears still more. In Czechoslovakia, from their key government posts, the Kremlin's henchmen resorted to police measures supplemented by controlled mass actions. In Italy on the other hand, Stalinism has been advancing in accord with the traditional rules of bourgeois democracy. Togliatti and Nenni, the C.P.-S.P. leaders, have been ousted from the government, while the police and army remain firmly in control of the State Department's reliable Christian Democrat, Premier de Gasperi. No "Action Committees" are as yet in evidence in Rome, as they were in Prague.

However, there is an electoral "Democratic Front of the People," made up of Stalinists and Nenni Socialists,

with a few individual bourgeois politicians for decoration. This bloc has been sweeping by-elections and seems headed for a substantial vote on April 18.

Thus the postwar structure built up by Wall Street's statesmen in Western Europe is beginning to crumble before their eyes. All the heavy loans and grants to that part of the world appear to be indeed an "Operation Rathole." Even the power of the Holy See seems to have been enlisted in vain. The Bishops' instructions to the clergy "to deny absolution to professed Communists" meet with no greater effect than the U. S. Attorney General's declaration that "Italians who join the Communist Party never will be permitted to immigrate to the United States." And Italy is an overwhelmingly Catholic country which for years has found an outlet for its "overpopulation" through our shores.

On top of warnings from the Marshall Planners that "there would be no further question of assistance" in case of a Stalinist victory, a diplomatic stroke of genius has been added. The much-disputed port of Trieste, "internationalized" under the terms of the Italian "peace" treaty, has been generously proffered as a colossal election bribe to the strong nationalistic sentiment. The U. S., Britain, and France have "appealed" to the USSR for treaty revision in respect to Trieste. This has immediately raised the following embarrassing questions: Why should not the regions of Tende and Brigue, seized by France, and the former Italian colonies in North Africa, seized by Britain under the same "peace" settlement, be likewise returned to Italy? Why Trieste alone, in which Stalin's Marshall Tito of Yugoslavia has merely a toe-hold?

THIS BRAZEN INTERVENTION OF AMERICAN imperialism in the internal affairs of a foreign country has not been without effect. But even the most hopeful observers do not think it enough to turn the tide. The *Times* correspondent in Rome explain why:

"Many Italian workers," he writes on March 14, "have no love for the Communists (Stalinists) but... distrust all other parties which they regard as capitalist." The "Socialist" Party of Saragat, which is in the de Gasperi government, has lost out because of its collaboration with the capitalists, the writer points out. The workers, tired of capitalism, want a new socialist order. The peasants want land and the Stalinists have been lavish with promises to break up the big estates, some of which belong to high church dignitaries and the Vatican itself. Finally: "The Communists have somehow succeeded in convincing the working classes that 'Wall Street' is determined to make war on Russia at all costs."

This anti-capitalist sentiment is the powerful underlying current swirling through Europe. Neither loans and gifts to the capitalists of that continent, nor the concentration of U.S. naval armadas in the Mediterranean, shows of aviation power over industrial cities, and the promises of the Marshall Plan have succeeded in arresting it. The economic crisis has worsened, the profiteers have

continued to thrive while the lot of the working people has steadily deteriorated. That is why the masses are so determined to destroy the system which for them has meant only starvation, insecurity and war.

The Kremlin and its lackeys turn this situation to their profit so long as independent mass revolutionary parties do not arise to challenge them. But this same ferment of rebellion strikes consternation in Moscow no less than in Washington. For, despite repeated betrayals, the scope of class struggle is becoming vaster and may pass beyond the Kremlin's control.

STALIN'S FEAR OF THE MASSES IS ONLY tempered by his fear of the military might of American capitalism. He carefully restricts utilization of the revolutionary sentiments and aspirations of the workers and peasants in Western Europe within the channel of bourgeois democracy and its parliamentary structure. The consolidation of his strategic positions by this means is accompanied by constant feelers for another deal with Washington.

But Wall Street has rejected the Kremlin's overtures. It is disturbed by the ease with which the Stalinists are able to use the machinery of bankrupt bourgeois democracy in one country after another. To preserve their system of privilege and oppression, the monopolists aim at nothing less than complete capitulation by the Kremlin and the complete crushing of the inherently revolutionary mass movements Stalinism exploits.

This is the essence of the fateful decision announced in Truman's St. Patrick's Day speech and driven home by the subsequent acts of Congress.

THE KIND OF TOTALITARIANISM THIS signifies for Europe has already been made clear by the backing given to de Gaulle and the Greek monarchy. It has been even more shamelessly underscored by the attempt of the House of Representatives, at the instigation of the Brass Hats, to include Franco Spain in the ERP (Marshall Plan) Bill as "a potential ally in any future war against the Soviet Union." This was deferred only because the State Department feared that such a provision would "hurt our argument that the ERP was a bill to promote democracy and peace." (N. Y. Times, March 31).

In testimony before the Senate Armed Services Committee on March 29, "Elder Statesman" Bernard Baruch set forth a program of outright totalitarianism for the United States itself. "All war has become total war," he declared in demanding forced labor, wage freezing and an expanded American Gestapo. "Others will protest that the measures I have proposed depart from 'free enterprise' and are methods of the police state." The sole reassurance he offered to them was that the projected police state would be "temporary!"

Such is the policy and perspective of the U.S. ruling class today. This is what the labor bureaucracy, in its support of the ERP and the war drive, commit them-

selves to. But this course runs contrary to the basic needs and aspirations of the American masses. The conservative printers as well as the militant miners, the burly packing house workers in Chicago and the stock exchange clerks in Wall Street itself are demonstrating by their strike action, their will and capacity to combat the capitalists on the economic field today. The wide-spread rejection of Truman within the CIO and the AFL is a sign that this struggle can soon be extended into the political arena.

THE TROTSKYISTS BASE THEMSELVES UPON the inevitable unfolding of this fighting spirit of the American workers. In the "Theses on the American Revolution" adopted by its 1946 convention, the Socialist Workers Party counterposed its revolutionary perspective and policy to the war plans of monopoly capitalism.

The impending economic paroxysms must, under the existing conditions, pass inexorably into the social and political crisis of American capitalism, posing in its course pointblank the question of who shall be the master in the land. In their mad drive to conquer and enslave the entire world the American monopolists are today preparing war against the Soviet Union. This war program, which may be brought to a head by a crisis or the fear of a crisis at home, will meet with incalculable obstacles and difficulties. A war will not solve the internal difficulties of American imperialism but will rather sharpen and complicate them. Such a war will meet with fierce resistance not only by the peoples of the USSR, but also by the European and colonial masses who do not want to be the slaves of Wall Street. At home the fiercest resistance will be generated. Wall Street's war drive, aggravating the social crisis, may under certain condition actually precipitate it. In any case, another war will not cancel out the socialist alternative to capitalism but only pose it more sharply. The workers' struggle for power in the U.S. is not a perspective of a distant and hazy future but the realistic program of our epoch.

A Momentous Decision: First S. W. P. Presidential Campaign

ON FEBRUARY 21-23 THE NATIONAL COMMITTEE of the Socialist Workers Party held plenary sessions in order to discuss and decide party policy in the light of the new and critical international and domestic events. The Plenum discussion, in which N.C. members from all parts of the country fully participated, centered around the political needs of American labor and the party's tasks in this connection.

The key decision of the Plenum was to run SWP candidates on a national ticket in the 1948 elections, with Farrell Dobbs and Grace Carlson as the presidential and vice-presidential candidates respectively. These nominations will be presented for ratification to the SWP National Convention scheduled for early July.

To understand the vital importance of this decision it should be placed within the broad framework of the class struggle as it is taking place today in the United States.

THE CURRENT DOMESTIC SITUATION IS characterized by a glaring discrepancy. On the one hand,

labor plays in the life of this country a colossal social role because of the specific weight and vast power of its trade union organizations. On the other, there is labor's almost total lack of independent political strength and organization. Without exaggeration it can be said that this is the greatest single contradiction in American society.

This contradiction cannot remain unresolved indefinitely. It underlies the developing political crisis of the American working class. A decade ago, when the CIO was born, a latent political crisis resulted. This latent political crisis, aggravated by World War II and by the post-war developments, is now beginning to erupt into the open.

On the surface, the political relationship of forces at home appears unchanged. American labor seems to be as deeply mired in passivity and stagnation as has been the case in the past. But this is only a superficial appearance of things. The reality is quite different. Tremendous political ferment permeates ever broader layers of workers. Today, there are *three* programs contending for supremacy in the ranks of American labor.

THE FIRST IS THE PROGRAM OF PERPETUATING the political status quo, whereby the workers remain in political bondage to capitalism. This is the program of the official union leaders who are frantically trying to keep labor shackled to the existing two-party system. Today this is far more difficult to accomplish than at any time since the rise of the CIO.

The post-war discontent of the workers with the bipartisan administration has grown by leaps and bounds. Under the impact of the crisis of world capitalism, the two-party set-up shows unmistakable signs of crumbling. This is reflected on the one side by the growing unpopularity of Truman, and, on the other, by the emergence of the Wallace movement.

Feeling the ground slipping from under their feet, the trade union leaders are now hoping for some miracle that will save the Democratic Party. They do not know how they will be able to deliver the labor vote if Truman is designated as the Democratic presidential candidate. The top leaders hesitate to come out openly for Truman as they used to do for Roosevelt. A group of "dissidents" tied up with the anti-Wallace capitalist liberals and with the Social Democratic Federation are already beginning to raise their voices in a clamor against Truman and in favor of some other candidate (preferably Eisenhower!).

Meanwhile Murray and Reuther keep stalling. They both announce demagogically that they are in favor of a labor party — but not in 1948! By dangling this promise of a labor party in some unforeseeable future before the workers, they hope to lure them once again into supporting the presidential ticket of the Democratic Party. This subterfuge, so successful in hoodwinking the workers in the past, will become more and more untenable as the political atmosphere kindles to white heat at home and abroad.

In the meantime, this official trade union leadership forms the chief obstacle in the way of independent labor action.

THE SECOND PROGRAM IS THAT OF THE Stalinist-supported Wallace movement. The character of this movement becomes crystal clear when it is viewed not only from the standpoint of the political crisis of American labor but also from the standpoint of the political crisis of American bourgeois parliamentarianism, which is unfolding side by side with the former. The Wallace movement seeks to fill in the political vacuum created on the one side by the disintegration of the Democratic Party and thereby of the capitalist two-party system, and on the other side, by the absence of the labor party.

In point of origin and in its program the Wallace movement is a capitalist party. As the majority resolution presented to the Plenum correctly states:

The Wallace party does not emerge as a political expression, however inadequate and perverted, of the unions. It arises out of the failure of the union bureaucrats to open up a new political path for the workers. It cannot be regarded as an aid to independent political labor organization but as a spurious 'progressive' substitute for a Labor Party. (The full text of this important resolution was published in The Militant, March 1.)

The Plenum also considered a contrary view to the effect that the Wallace movement might represent a step in the direction of the labor party and was for this reason entitled to critical support. After a thorough discussion, the National Committee adopted the majority resolution, rejecting any form of support to Wallace, by a vote of 22 to 1, with 4 abstentions. By this action the Plenum threw its full support behind the third program for American labor, namely, independent political action on a class basis.

There is a far deeper surge among the workers in favor of this program than has yet been able to find an organized expression. This sentiment has been thus far suppressed by a combination of the cowardice and treachery of the official union leadership, on the one side, and by the Wallace-Stalinist sponsored adventure of the "third-party movement," on the other. What does this signify when the trade union bureaucrats are no longer able to come out openly for Truman and find themselves compelled to talk about the future need of a labor party and when the Wallace-Stalinist combination is seeking to divert the workers into capitalist politics through a "People's Front" channel? These are unmistakable, even if negative, confirmations of the real ground swell in the ranks in favor of independent political action.

But the fact remains that, despite the gropings of the masses and the growing sentiment to strike out on a new political path, there will be no national labor ticket in the 1948 elections, as the Socialist Workers Party and many militants in the unions have so persistently advocated.

It is in the context of these circumstances that the decision of the Plenum to launch a presidential campaign acquires its full significance.

It constitutes, first of all, a declaration of class independence on the political field as against all other tendencies in the labor movement who seek to nullify and betray the political aspirations of the American workers either by diverting them into new capitalist formations (like the Wallace movement) or who seek to keep labor yoked to the traditional two-party capitalist machinery (like the official union leadership)

THE PRESIDENTIAL CAMPAIGN OF THE SOCIALIST WORKERS PARTY raises aloft the banner of Socialism — the demand for the revolutionary reconstruction of society. The raising of this banner on a national scale at this juncture is of incalculable importance. For the political crisis of American labor, which unfolds within the framework of the crisis of American and world capitalism, must become aggravated in the extreme by the developing war crisis.

No other party except the Socialist Workers Party is able to offer American labor and the people as a whole a truly realistic alternative to Wall Street's war drive against the Soviet Union, against the masses at home, in Europe and in the colonial world.

It is precisely the emergence of the Wallace-Stalinist movement, with its fake program for peace through another deal between Washington and Moscow that renders all the more imperative the launching of the Presidential campaign by the SWP. As the resolution adopted by the February Plenum correctly points out:

Perhaps the most pressing reason that has arisen since the August 1947 Plenum for a party presidential campaign has been the emergence of the third party Wallace ticket. Precisely because the Wallace candidacy will have great attractiveness for radicalized workers, the party must have a positive alternative in the form of its own ticket. The SWP campaign will provide the means for clarifying our conceptions of the Labor Party and opposing Wallace from the Left.

This was a momentous decision to take for a party of such limited size and resources as the SWP. The American bourgeoisie which boasts of its "democracy" and which poses as the defender of "free elections" everywhere makes it extremely difficult, and in some cases virtually impossible, for minority parties to get on the ballot. Each of the 48 states has its own special regulations and restrictions which not only require great efforts and resources for compliance but which may also be arbitrarily used to deny minority parties their elementary rights. Despite these obstacles the February Plenum decided to mobilize the entire party for its first national presidential campaign.

The task of tasks for the revolutionary leadership today is to intervene in the most vigorous manner to speed the solution of the long-maturing crisis of American labor. The February Plenum decision clears the way for the Socialist Workers Party to present its full program of revolutionary class action to the American people, and in this way to open up new perspectives for the American working class in its fight against Wall Street's rule.

HENRY LUCE AND KARL MARX

By G. F. Eckstein

The centenary of *The Communist Manifesto* stirred the American bourgeoisie to unusual propagandistic activity. The *Manifesto* is admittedly one of the great pamphlets of history and its centenary would in any case have commanded notice. But the power of the Russian state and the spread of the Stalinist parties all over the world made it imperative for the bourgeoisie to "educate" its readers against the evils of "Communism." The most thorough indoctrination was done by *Fortune*, *Life* and *Time*, the triple organs of Henry Luce, the multi-millionaire publisher.

The rise of propaganda is a distinguishing characteristic of our age. The Nazis named a Ministry of Propaganda and appointed one of their three leading men to it. The propaganda of the Stalinist regime is the most extensive and intensive the world has ever seen. During the war the Prime Minister of Great Britain performed that function himself on behalf of the United Nations. The United States government likes to claim that it is far

behind the governments of Europe in the war of words. In reality private enterprise, in this field as elsewhere, performs tasks which in the more critical conditions of Europe are performed by the state. Thus a special interest attaches to the Luce publications.

The three major publications over which Luce rules constitute one of the most remarkable social organizations of our time. *Fortune* is a monthly magazine, very expensive (\$1.00 per copy) which serves big business, executives, and that small part of the general public which is able to pay well for serious surveys and analyses of world economy, American capitalism, individual industries, foreign rivals and foreign trade, labor-management relations, and such social problems as the Negro question in the United States.

Second in the hierarchy is *Time*. It aims not at the expert but at the reasonably well-educated busy man and his family. Its total circulation is nearly two million, of which nearly half-a-million copies are sold abroad. It prints a Latin-American edition in Jersey City and other overseas

editions in Paris, Tokyo and Honolulu. Never before has the world seen a single journal printed more or less simultaneously in areas of the world so widely separated from each other. Its editorial and news-gathering organization is on a scale to correspond. It maintains bureaus in 13 U.S. and Canadian cities, plus 85 part-time correspondents in other localities. Abroad there are bureaus in London, Paris, Berlin, Moscow, Prague, Rome, Cairo, New Delhi, Shanghai, Nanking, Tokyo, Buenos Aires, Rio de Janeiro, Mexico City and 55 part-time correspondents in other localities.

The aeroplane, radio, cable, trans-oceanic telephone, teletype, and other modern means of communication and transportation are the technological means by which this vast organization can carry out its individual investigation, reporting and commentary on events in any part of the world. An army of researchers, editorial writers, re-writers and experts, prepare this material.

Time boasts that, exclusive of printing, distribution etc., the cost of each word it publishes is \$1.48, compared to an average of 10 cents per word for other papers.

Finally there is *Life*, a weekly picture magazine organized on the same scale. Its emphasis is on telling the news in pictures. *Life* gives more comment than straight news and publishes articles and extracts from books by public figures such as Winston Churchill, the Duke of Windsor, John Foster Dulles, William Bullitt, etc. Its circulation, mainly American and Canadian, reaches the astonishing figure of over five millions per week. In many workers' homes old copies are kept for reference and *Life* is read by all classes of the population.

In addition the same company reaches a vast public with March of Time (Radio) and March of Time (Motion Picture). Never has a single private individual had such power to influence what people think about the world in which they live. The Henry Luce publications have a distinct political line. They have popularised the phrase "The American Century." By this they mean that it is the destiny of American imperialism in the twentieth century to rule the world. They are anti-Russian and anti-Communist. In the United States they support the Republican Party openly enough, but do not make a fetish of it. They are supporters of "free enterprise" and "democracy." Apart from profit-making, their main business is boosting what they call "American democratic capitalism."

In the January 1948 issue *Fortune* published in article on a hundred years of *The Communist Manifesto*. This article was reprinted in *Life*, and is offered to the public in pamphlet form, single copies free, 100 copies for \$2.50, 1000 copies for \$20.00. On January 19, *Life* carried an article by John Dos Passos, "The Failure Of Marxism." On February 23, *Time* published a picture of Karl Marx on its cover and carried a full-scale study of his life, ideas and influence. We shall see that the Lucean views on Marxism were tailored to suit all classes.

The Personal Method of Time

Let us begin with the Lucean editorial conception of Marxism which appeared in *Time* (at \$1.48 per word).

Time says the world to-day is divided into Marxists and anti-Marxists; the "Man of the 20th Century" is Karl Marx. Marx, we are told, got into the centre of all this commotion "by making a statement about the Machine. It was not a clear statement and ever more evidence piles up that it was wrong." Marx was wrong. This is the key-note of all the Lucean writings on Marx. Marx was wrong. . . Amazing business this. Tens of thousands of other writers, great and small, have been wrong. Few people get excited about it. But for nearly a hundred years now the chorus swells: Marx was wrong. It would seem that if anybody were so wrong time would take care of it and bury Marx and his errors in oblivion. But now Luce has to do the job all over again.

The failure of Marxism is that it leads to "a kind of prison existence where everyone is at the mercy of the warders." (With singular obtuseness, *Time* quotes this from Bismarck, representative junker, whose descendants, bitter enemies of Marxism, have given the world the Nazi example of "a kind of prison existence where everyone was at the mercy of the warders.") Yet, despite its failures, Marxism persists. It persists because "its converts get the only fully developed materialist religion, complete with creed, church, directions for salvation, answers to every question, saints, doctors and devils."

Now *Time* makes a big jump and sets forth its own psycho-analysis of Marx's life and character. "The ingredients in Marxism's emotional force are 1) pity, 2) hate, 3) desire for power."

Time concludes with examples of the projections of these three ingredients of Marx's psyche into modern society. The "children of pity" are symbolised by Sidney and Beatrice Webb. The "children of hate" are symbolised by Mussolini. The "children of love of power" are symbolised by Lenin. Thus *Time* finds in Marx's psychology the origins of The Second International (the Socialists), of Fascism, (Mussolini and Hitler), and two stages of the Russian Revolution (Lenin and the Third International, Stalin and the Cominform).

This is nonsense. But it is nonsense read by millions of people anxious to learn. It is nonsense which on examination turns out to be skilfully adapted to the prejudices and weaknesses of the American people it is designed to corrupt. First of all it is served up within a context of information gathered by all the resources of modern civilization. Against this background of fact it is as natural to absorb the poisonous *analysis*, as it was for people to accept Emil Ludwig's early writings because of the great reputation of German scholarship.

Note also the personalized method. Long years of material prosperity and peaceful social evolution have inculcated the national tendency to pragmatic thinking. Absence of the class struggle in highly organized political

form has created a tendency to symbolize political tendencies in individual figures and empirical slogans. In recent years, among the intelligentsia and the professional classes, there has developed a great interest in popularized, not to say vulgarized, psycho-analysis. Thought in the United States, particularly among the people for whom *Time* is designed, tends to run along pragmatic and individual lines. The love of individual liberty, personal freedom is very strong. There is in general an absence of what Trotsky calls social thinking.

But at the same time, behind this pragmatic shell there has developed a profound distrust of capitalism as an economic and social system. Not love of capitalism but fear of totalitarianism is the psychological cement of capitalism to-day. The American people, particularly *Time* readers, mainly urban petty-bourgeois, are torn between their love of individual liberty and comfort and fear of regimentation. All this the *Time* article skilfully serves. Note the identification of Marxism with Catholic organization, always anathema to the Anglo-Saxon. *Time* concludes by saying that:

"Capitalism does not get all it can out of the Machine, or give men all that they should have. But it has left men essentially free, while it gets more out of the Machine than Marxism does".

Here *Time* is evidently on the defensive. It dare not shout about "free enterprise" in the manner of Hearst and the National Association of Manufacturers. Its public will not stand for this. *Time* knows this very well. It says that "capitalism has failed to proclaim, so that the world can hear—and that is not to capitalism's credit—the victory that it has won over the argument of the *Manifesto*."

Something is wrong. Capitalism needs to give assurance. *Fortune*, *Life* and *Time* are trying to do this. But they can't. Any serious analysis of their publications shows this, and nowhere so clearly as in their attempt to "refute" Marxism.

The Social Method of Marx

In the issue of March 8, two weeks after the article on Marx, *Time* celebrated its twenty-fifth anniversary with an article describing its own origin and development. The company was formed in 1923. In October 1924 *Time's* circulation was 50,000. In November 1929 it opened its first news bureau in Chicago. In November 1942 came *Time's* overseas edition. In April, 1945 *Time's* European edition started printing operations in Paris, etc. Here is the characteristic presentation of a free enterpriser titivating his clientele and boosting his wares. This constant personalization and individualization of phenomena is the same method which Luce uses in the analysis of important events. There is, however, another method of looking at historical events and this is Marx's specific contribution to modern thought. You will find it in the famous chapter xxxii of *Capital* on the "Historical Tendency of Capitalist

Accumulation." There Marx describes the development of capitalist production as follows:

"One capitalist always kills many. Hand in hand with this centralization or this expropriation of many capitalists by few. . . ."

The growth and proliferation of Luce's huge organization for the collection and dissemination of news was not in essence due to Luce's individual enterprise, to the fact that he did this on such and such a day and founded that on another day. Marx established as one of his great discoveries a law of capitalistic development—the centralization of the means of production into ever greater centralized, concentrated units. That is a specific law of capital accumulation. Luce publications are merely an example of it. So are General Motors and Firestone. Luce fitted into this movement.

But side by side with this law goes another. It is worth the attention of those who, like Luce, stand astonished at the magnitude and diversity of the "free enterprise" and "rugged individualism" which result in the issuance of *Fortune*, *Time*, and *Life*. At the same time as capital centralizes itself there develop

"on an ever extending scale, the cooperative form of the labor-process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labor into instruments of labor only usable in common, the economising of all means of production by their use as the means of production of combined, socialized labor, the entanglement of all peoples in the net of the world-market, and this, the international character of the capitalistic regime."

The cutting down of the trees for paper, the construction of the great printing machines, the whole complicated process by which a *Time* reporter hears of events a thousand miles away, takes a plane to the spot, puts what he has seen and heard on his typewriter, radios information and pictures, the organization whereby it is disciplined into magazine form and brought to the public, all this is part of the contrary process associated with the centralization of capital: the process of the socialization of labor.

The conscious technical application of science, the transformation of the instruments of labor into *combined socialized* labor—only such labor could produce and distribute journals like *Time* and *Life*. In the old days a great editor could make a paper by the force of his editorial personality and a few men to set type. Not to-day. Marx did not merely make a statement about "the Machine." He saw long before anyone that the capitalist use of machinery would inexorably develop a type of combined, social labor which would make the free enterpriser, the magnate, superfluous. Today Luce is entirely superfluous. He could disappear without a ripple. The great newspaper chains are characteristic features of all big countries. They are a social necessity and would have appeared in the U.S. if Luce had never been born.

Let us note again the last phrases in the quotation from Marx: "the entanglement of all peoples in the net of the world market, and this, *the international character of the capitalistic regime.*" The economic and social movement creates the mass international paper. It is not by accident that in 1941 Luce pushed out into Latin-America, in 1943 to Canada, and in 1945 into Europe. He expressed the suddenly increased international interests and responsibilities of American capitalism, the needs of the people for information in a menacing world and the need of capitalism to give them that information in a manner suitable to itself.

This last is important. If by some miracle Luce were to experience a change of mind and begin to propagate Marxism in his journals they would collapse like a pack of cards.

Further, if his journalistic empire collapsed to-morrow another would spring up in its place either by beginning afresh, or by a coalition or reorganization of existing journals. To say this is not to deny the capabilities of the Napoleonic Henry Luce. But it explains their effectiveness as an expression of basic social forces. What would Luce say if these achievements were to be explained by the pity (or ferocity), hate (or love), desire for power (or desire for service) which were alleged to be characteristic of Luce's personality? Yet this is the kind of tripe he serves up to the American people to explain the influence of Marxism and the rise and development of Social-Democracy, Fascism, Communism, and Stalinism. Marx, great genius though he was, could only express social forces and that is why Marxism persists.

We Marxists do not explain the foolishness of *Time's* analysis of Marxism by the stupidity of Luce or his writers. Not at all. If Luce wanted an accurate and authentic analysis of Marxism he could get it—and at a less costly rate than \$1.48 a word. He does not want it. His business is to mislead and befuddle the American public and this he must do because the American public is not only subjectively interested in Marxism but is *objectively* ripe for its doctrines.

Marxism and the People of the U. S.

The American people are today subjectively interested in Marxism because Russia and the Communist (Stalinist) Parties which play so great a part on the world's stage, parade under the banner of Marx. But they are also becoming objectively ready for Marxism because of the development of capitalism in the United States. Luce knows this very well. Marx, in that same chapter in which he summed up his doctrine, taught that centralization of capital and socialization of labor produced polar oppositions in modern society. First, a *diminishing* number of magnates of capital like Henry Luce and Henry Ford, and secondly, a working class whose "misery, oppression, slavery, degradation, exploitation" constantly grow, and with this growing misery, a growing revolt.

Then comes the climax of the Marxian doctrine: "The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with it, and under it". There are now in conflict two modes of production. There is the mode of production of combined, socialized, labor, a cooperative process. This is socialism. But it is inhibited, distorted, held in check, stifled by the monopoly of a few upon the means of production. "Centralization of the means of production and socialization of labor at last reach a point where they become incompatible with their capitalist integument." It is this conflict which is tearing society apart, provoking disturbance throughout the United States, and causing such concern to Henry Luce.

Marxism has always viewed the great social and political movements of modern times as expressions of the development of capitalism. For generations America thought that it was safe from these European upheavals. Then suddenly in 1936 following the depression of 1929 came the C. I. O. America today, shaken by internal and external convulsions, trembles on the verge of a social cataclysm. Capitalism is in danger here as elsewhere. And Luce knows it. If not, how explain the editorial on the *Manifesto*? All students of Marxism should read and ponder over this hoarse-voiced, red-eyed, breast-thumping document.

U. S. economy, we are told, produced in 1947 more coal, more iron, more steel than in any but the peak prewar years. It drove the output of consumer goods to all-time levels. It nearly doubled the 1929 rate of investment and capital formation etc, etc. But behind these gaudy posters of self-praise could be discerned the cloven feet of fear. These achievements of the economy "made hash of the notion of the mature economy". So it seems that readers of *Fortune* were bothered by the "maturity" of the economy.

But worse is to come. "In any case it is time for a wholesale revaluation of values." Whose values? "For years many Americans and most Europeans have looked on socialism and planning as the wave of the future." Very interesting! It seems that there have been vast numbers of Americans with no faith whatever in free enterprise, enough at any rate for Luce to demand a "wholesale revaluation of values."

What we want to show is that *Fortune*, *Time* and *Life* have contributed to this state of mind of the American people which demands a "wholesale revaluation of values." This is the dilemma of capitalism. It constantly creates the basic forces and even helps spread ideas and doubts which are leading to its own destruction.

This *Fortune* editorial is not unusual. It is characteristic of the Luce press which is always in a state of frustration between the reality of capitalism and what it wants its readers to think. Sir Stafford Cripps, in charge of the British economy, calmly informed the world a few weeks ago that the British economy would collapse unless aid

were received from the United States in short order. *"The editorial in *Life*, Feb. 1947 ended as follows: "The present British crisis is fair warning that Americans no longer be merely well-intentioned observers and critics in a safely

*** Such is our world that leading statesmen make tremendous announcements like the impending fall of Britain without turning a hair, while millions listen and turn the radio on to something else. But Sir Stafford, too, would be able to show how wrong Marx was.**

compartmented world. We are already up to our knees in Britain's fate. If she weakens further we shall be in it up to our necks." In *Life* of October 6, 1947 a *Life* correspondent from Paris reported: "If no new credits are allowed, France will be virtually bankrupt in three weeks."

We could multiply these warnings unendingly. One more, this time on China, will suffice. William Bullitt, ex-Ambassador, reports in *Life* of Oct. 13, 1947, after a special assignment in the Far East:

"The cause is a common cause. If China falls into the hands of Stalin, all Asia, including Japan, sooner or later, will fall into his hands. The manpower and resources of Asia will be mobilized against us. The independence of the United States will not live a generation longer than the independence of China."

This is the world and the dependence of the U.S. upon it which *Life* and *Time*, week after week, paint for their readers. Henry Luce must take them for awful fools if he thinks that they are going to be convinced by the *Fortune* centenary editorial on the *Manifesto* that American economy is at the height of its power and that:

"To-day it is possible to insist that American democratic capitalism is the fact, the great forward experiment of our time, that while promising no cheap utopia, it is itself utopian."

The very form and structure of Luce's organization show that to-day the ordinary citizen is increasingly aware of the entanglement of all peoples in the net of the world-market and the international character of the capitalistic regime. Any moderately intelligent reader will have noticed the hollow and defensive attitude visible in Luce's flag-waving for capitalism. It is possible to attribute this to emotions of pity, fear, or love of something or other in his personal character. It is more scientific to trace it to the deep concern of American capital over the widespread distrust of the system as it works in the United States which is seething through the country to-day.

The Luce publications, *Life* in particular, constantly betray a dangerous irritation with the American people for refusing to recognize the benefits which capitalism is showering upon them. On Feb. 3, 1947, *Life* published an editorial on Joshua L. Liebman's *Peace of Mind*. Why, it asks, does this book continue in the list of best-sellers? We won the war, the boys are mostly home, everybody has a job. "Yet at one end of the scale citizens are moaning the blues, while at the other end they are reclining on the

psychoanalyst's couch recounting their lives and their loves."

Life is angry and comes to the conclusion "that what this country really wants is a good kick in the pants." The people, you see, cannot understand how wrong Marx is. *Life* recommends as an antidote the power of God and the gospels of Jesus. The cure is not interesting — but the diagnosis of the United States is: "A nation so rich in blessings yet gripped with a psychic unhappiness. . ." Marx wrote many brilliant pages on the "psychic unhappiness" of modern nations. Only he rooted this unhappiness very firmly in the class conflicts and bankruptcy of capitalist society.

But who teaches the American people to doubt capitalism? High on the list are the Luce publications themselves. A March 18, 1948 *Life* editorial on the Marshall Plan ends: "Let us remember that this is a capitalistic country, that capitalism is neither doomed nor a thing to be ashamed of . . ."

It appears that the millions who read *Life* have to be continually reassured about capitalism and its blessings. Is there then some connection between capitalism and their "psychic unhappiness"? Let us see.

On June 2, 1947 the sub-title of an editorial on the State of the Nation says: "It is Generally O. K. Don't let Anybody tell you differently." But the editorial itself belies the polemical confidence of the title. *Life* repeats the story of the waitress who plastered the face of her boss with a chocolate pie. It notes that domestic servants, garage mechanics, telephone operators, bell-hops seem to dislike their jobs more obviously than they used to. Is this perhaps "a general sense of frustration" which stems from the high cost of living and expresses itself in lower standards of courtesy? The lightness of tone stops as the editorial ends.

"It is fitting and proper for Americans to have a certain amount of uncertainty as they take the stage as protagonists in one of the world's most crucial epochs. But a people which dreams up more things, makes more things and gives away more things, than any other in history . . . need not overburden itself with worry and self-doubt."

However, Thanksgiving, 1947, raised the query once more: "What is this goal, this metaphysical certainty Americans seem to lack to-day." Very dishonestly *Life* asks, "Did we ever have it? Did anybody?" As if the phenomenon is not something new, something which has grown steadily in the United States since 1929. *Life* gives up: "no triumph of democracy will remove all human sadness and doubt."

Editorial after editorial shows that the country is sick, sick with fear and doubt, questioning the validity of the system and fearful of it, sick in the houses of workers as well as in the conference rooms and editorial offices of million dollar corporations. Perhaps the most astonishing sentences along this line in the pages of *Life* are the following from the issue of Dec. 22, 1947:

And just as I once found myself in 1919 as a young man at variance with my most conservative father, so I now found myself unable to agree with many of the political ideas held by my young friends. It is not that I fear change for I have never been reactionary. What I fear, and what I now realize my father always feared, was violent change; — change that would sweep away fundamental and hard-bought things.

Who finds *his* young friends ready for such drastic changes? This person is the Duke of Windsor, one time King of Great Britain, Emperor of India, ruler of the greatest Empire the world has yet seen. The Duke has cleared himself but it is obvious that the Committee on Un-American Activities has much hard work ahead before it clears the country of all subversive elements.

The Failure of Dos Passos

The article by Dos Passos on "The Failure of Marxism" in *Life* of January 19, 1948 followed hard upon the *Fortune* editorial. It gives the readers his experience as an ex-radical to prove that socialism has been tried and failed. Dos Passos has nothing new to say. Russia has degenerated into a terrible tyranny. But capitalism is not blameless. It led mankind into World War I in 1914. After a period of economic chaos there came a brief interval of prosperity which ended in the crash of 1929. Then came Nazi Germany and continuous crisis, culminating in the most terrible war mankind has known. The world has been left broken and bleeding.

Dos Passos goes to Britain where, with capitalism still in existence, some modest nationalization has taken place. He calls this Socialism and, watching the results of two years, decides that Socialism has failed there too. Socialism is not the answer, he says. "We've got to do better than that." But what exactly? The implication is obvious. Support American capitalism. Back Truman, or maybe Eisenhower, Wallace or Dewey, or sit at home and think, just *think*.

The moanings of Dos Passos, it is clear, will not cure the nation's "psychic unhappiness." If Marx was so wrong, the people would dearly love to know who was right. But, according to Dos Passos, everybody was more or less wrong. Roosevelt and his advisors "failed to see the world clearly" and so deprived the U. S. of the fruits of victory. But not only the small group of leaders in Washington failed to see clearly. The whole body of thinking Americans "had just not caught up with the times." The nation forgot a lot of things, for instance, that "liberty like peace is indivisible." It forgot that the only sensible foreign policy was to encourage liberty and oppose oppression.

The chief enemy of liberty is the Soviet Union. The nation had forgotten this too. But Truman, Marshall, MacArthur, Forrestal, Walter Winchell, James Burnham, Churchill, De Gaulle, the President of Chile, and lots of other people know it now. They tell us every day. But we have not noticed any vast relief in the American people at the fact that the universal amnesia on this score has now been cured.

Why did this happen? Wilson "let himself be trapped into the state committee rooms of the old men of Versailles." There were some other criminals too. The British capitalists were so rich and self-satisfied that they "neglected" to keep their industries tooled up to-date or to protect the worker's standard of living or to conserve their natural resources. If only they had not "neglected" these things. The British now have a new ruling class, the labor leaders. But alas, they too, are as dumb as the Americans who forgot and the British capitalists who neglected. On the whole the "new ruling class" in Britain "tends to be so blinded by the utopian glamour, of the word 'socialism' that it has found it difficult to envisage the problem which confronts the nation."

This is the world of deceit and self-deceit in which Dos Passos lives. This is his contribution to Luce's proof that Marx was wrong. Roosevelt's memory was bad. Wilson was too slow on his feet, and Attlee's eyesight deceives him. If Marxism has failed, as Dos Passos contends, he likewise testifies that the defenders of capitalism have not been so conspicuously successful.

Luce and the Workers

In the writings of the Luce press there is little sense of the workers as an independent social class. The *Fortune* editorial proclaimed that contrary to the Marxian Utopia America was already "the most classless society" history had yet seen. When the Luce reporters and writers chronicle the activities and ideas of the American working-class, they see them always as economic units or organized for economic ends. "Collective bargaining" is the usual limit of their horizon.

The moment they leave this sphere they drown the workers in the American nation. In this they reflect the role of the proletariat in the past of American history, and also, be it well understood, a determination to confine the proletariat to that negative role. But within that framework they carry on intensive investigation of the minds and attitudes of the American workers. *Fortune* for November 1946 published a remarkable article on *The Fruitful Errors of Elton Mayo*, Mayo being an industrial psychologist who has done work in labor-employee relations. The same ideas were served up in a highly personalized form for *Life* by one of its three senior writers, John Chamberlain, in the following month. Chamberlain entitled his: *Every Man a Capitalist*. Sub-title ran as follows: "A manufacturer named Adamson solves a major U.S. problem: labor. He splits profits with workers. Result: profits up 500%, strikes zero." A small capitalist invited his men to work hard and share profits. The men practically took over the plant. They worked as never before, stronger ones helped the weaker ones, all were alert for bottlenecks. The first year production efficiency jumped 54 per cent. This story being told at some length, Chamberlain then gets to the main point.

What exactly can "management" do to solve the crisis

in labor relation? (The Congress of course passed the Taft-Hartley Act). "Brute force" is not enough and it is doubtful if it will work. Mayo says that workers need more than "protective clauses" in the contract and good wages. They also need a sense of participation, need to feel that they are necessary members of a social unit. But how to accomplish this in modern production? "It works when they're all out to do a job for Uncle Sam," said the President of the Packard Company. "But what's the unifying factor going to be after the war? Are the workers going to beat hell out of the production line all for the love of the stock-holder?"

Everyone knows they will not, says Chamberlain:

"In factories that are inexorably chained to an extreme specialization and to the rigidly repetitive actions required by the moving belt, the sense of craftsmanship cannot always be allowed full scope. No doubt something could be done in even the most fully mechanized plant toward rotating a worker from hour to hour on different jobs, but even though this might have a salutary effect on the fatigue curves it would probably fail to evoke a fully satisfying sense of creation."

Chamberlain notes that the group sense created by modern socialized labor can equally well be used by workers for conducting "a truly artistic slow-down."

Over and over again during the past years the Luce publications come back to this problem of the worker in modern industry. Sometimes, they give it up as beyond them. In an article on Henry Ford, Charles J. V. Murphy, another senior writer, says:

"The philosopher's case against Ford is that he annihilated individual craftsmanship, bound man to the machine, and cast up economic and social problems on which he could discover no acceptable solution. But why expect him to? . . . [The solution] is up to the philosophers."

The Luce probings into the future of labor in modern industry lead their writers into some strange places. That cannot occupy us now. Enough to say that Henry Ford no more "created" this problem than Luce "created" his publications. When Ford was running about the Michigan countryside in short pants, Marx wrote:

"Within the capitalist system all methods for raising the social productiveness of labor are brought about at the cost of the individual laborer; all means for the development of production transform themselves into means of domination over, and exploitation of, the producers; they mutilate the laborer into a fragment of a man, degrade him to the level of an appendage of a machine, destroy every remnant of charm in his work and turn it into a hated toil; they estrange from him the intellectual potentialities of the labor-process in the same proportion as science is incorporated in it as an independent power; they distort the conditions under which he works, subject him during the labor-process to a despotism the more hateful for its meanness; they transform his life-time into working-time, and drag his wife and child beneath the wheels of the Juggernaut of capital. . . Accumulation of capital wealth at one pole, is therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole, i.e., on the side of the class that produces its own product in the form of capital." (Capital - Volume 1, p. 709).

Thus Marx foresaw the problems which modern industry would create. And he posed the solution. The workers would have to remodel society completely on a new basis. Society would have to become truly democratic in that every man, more or less, could have the education and the training to be able to do what every other man did. Marx expressly disclaimed theories of individual equality. But only on the basis of a fully human existence for all men could human individuality flourish.

Marx pointed out that society would never be remodelled unless the proletariat of all countries did it, and until they did, society would be increasingly torn by growing contradictions and antagonisms, a sense of impeded development in all classes, and ultimately the collapse into universal barbarism. The "psychic unhappiness" of the American people, the social and psychological problems which the Luce publications report so accurately and before which they stand baffled and angry are proof that Marx was not wrong. Luce is scared stiff that this disillusionment is fertile soil for Marxism. In this he is absolutely correct.

Three Years of the British Labor Government

By Arne Swabeck

Since it came into power the British Labor Government has faced a series of crises. Emergency measures followed in rapid succession and mounting severity. This series of crises coincides with the increasing dissolution of the empire of which it is a part. Yet, what we have witnessed so

far are merely the early ripples of the coming storm. Before long Britain will enter its inexorable social crisis.

With a Labor Government in power this may sound paradoxical. But it is not. The contradiction here is merely an apparent one, which disappears once the actual situation is properly under-

stood. The real contradictions, inherent in the class system that still prevails in the British Isles do not disappear, however. They are not even mitigated by the Government's crisis measures. On the contrary, they intensify and multiply.

The British workers know that they

made certain gains by the strict government control and rationing of most necessities of life. For them it meant a more equitable distribution of scarce goods. But these gains are now being negated by the basic policy pursued by the Labor Government. The latter must therefore be the starting point for any serious analysis of present day developments in England. The key to this basic policy is the nationalization program.

Beginning with the House of Commons act of October 1945, the Bank of England became national property. Thereafter followed the acts to nationalize cable and wireless communications, gas and electric utilities, and certain basic industries such as coal and transportation.

Pattern of Nationalizations

The pattern of these nationalization acts was uniform both in regards to transfer of ownership and control of operations. In each case the former owners were royally compensated. The transactions were consummated in a manner that befits His Majesty's Government. The securities of the former owners were exchanged for government bonds at equal face value. For the coal mines the total compensation amounts to about 600 million dollars. In transportation the compensation runs into about 4 billion dollars for the railroads alone. These government bonds carry interest of from 2½ to 3 percent. On the whole this will work out to assure the bond-holders of the same returns on their investments as before. Henceforth, however, they will collect their dividends from the Royal Exchequer, and without any risks attached.

No change is contemplated in the operation and control of the nationalized industries except that of greater efficiency and a more complete integration with the prevailing economic system as a whole. And, as could be expected, this precludes any suggestion of workers' control of production. In fact, the Boards and Commissions set up to run the nationalized industries are staffed by the former owners and their associates. While some trade

union bureaucrats are added in an effort toward "partnership" of capital and labor, the business executives remain the decisive factor. Thus, even within the nationalized sector of industry, the power of the bourgeoisie remains virtually unimpaired.

It should be noted that the industries embraced in the nationalization program are not only those most essential to the post-war economic recovery. They are also those which have suffered the greatest ruination from the protracted capitalist decline and decay. Their profits also declined. In fact, these are the very industries in which the utter inability of private capitalist economic recovery, and the utter incapacity of private capitalist management, has been the most glaringly demonstrated. They represent the weak links in the ailing economic structure which can no longer be restored by private capital. Hence the state intervenes to make the necessary investments to sustain production and the accumulation of capital.

Reactionary Aims

Such intervention has for its aim the mitigation of the ever sharpening conflict between the already established newer collective forms of production and the older property relations of individual ownership and individual appropriation. In place of the personal owner there appears the impersonal state apparatus. It assumes the obligation of converting the profits of surplus value produced by the workers into compensation for the former owners. The latter have no social function other than that of pocketing dividends, clipping coupons, and gambling on the stock exchange.

The immediate objective of this state intervention is to rationalize these particular industries so that they may provide fuel, power, transportation, etc., more efficiently and more economically for the capitalist system as a whole. Thus, in its basic essential, the nationalization program represents an effort to streamline the British capitalist economic structure.

During the period of rising capitalism state intervention of this

character, state ownership of industries or utilities had certain progressive features. Now, in its decay stage, such intervention has become wholly reactionary. It tends to aid monopoly capitalism; and it serves the purposes only of maintaining capitalist relations of production as a whole.

Whatever planning takes place under this set-up occurs solely in the sense of aiding capitalist industry. It proceeds exclusively within the limits and purposes of capitalism. Naturally this precludes unified planning. A genuine planned economy is possible only after the working class has taken power and replaced the old relations of production with new relations that permit the *socialization of all economic activity*.

In other words, a genuine program of socialism would have to proceed from the nationalization of *all* property in the basic means of production. It would have to aim for the establishment of workers' control of production. What is now being carried into life in England is not such a program. It is rather an experiment in state capitalism. Viewed from its long range perspective the Labor Government's nationalization policy represents an effort to arrest the process of crises and disintegration of the old order; an attempt to repair its decay and achieve a measure of stabilization in order to prevent the emergence of real socialism. It is the direct opposite of a program of transition to socialism. Moreover, in the present day relationship of class forces, it becomes a means whereby capitalism retains power.

Basic Class Relations Bolstered

Engels laid considerable emphasis on conclusions reached already in his time that conversion into state property does not do away with the capitalistic nature of the productive forces:

"The modern state," he said, "no matter what its form, is essentially a capitalist machine, the state of the capitalists, the ideal personification of the total national capital. The more it proceeds to the taking over of pro-

ductive forces, the more does it actually become the national capitalist, the more citizens does it exploit. The workers remain wage workers—proletarians. The capitalist relation is not done away with. It is rather brought to a head.”

Relations of property and production are, of course, decisive in modern society. But they are decisive only within the totality of developments, and not merely insofar as concerns certain sectors of economy. Essentially, therefore, this very limited and partial nationalization does not represent a change in the social nature of the country. Social relations remain as they were. And, what is more important, the conditions out of which the class struggle arises remain basically unchanged.

Does the modern state, described by Engels, include the present British variant presided over by the Labor Government? It most certainly does.

In general the nature of the state derives from its structure, which is determined by the production relations on which it is based. A mere change of cabinet members does not change the nature of the state. Labor members have taken the places formerly occupied by Tories. But throughout the state apparatus, the governmental departments, the diplomatic corps, the judiciary, the police and military forces, the personnel has remained essentially as before. Nothing is altered qualitatively. Governmental policy is formulated, executed and motivated on the same basic considerations as before. Foreign policy remains imperialistic, in conformity with internal capitalist needs.

Verification comes from no less an authentic source than the Conservative Party. Its recently adopted Industrial Charter declares in favor of retaining practically all of the enacted nationalization measures. But these Tories emphatically reject any state intervention beyond this. They oppose nationalization of steel. That is still a very profitable industry. By the same token their reason for supporting the present status becomes obvious. The Tories have been assured that the nationalization measures, so far, imply

no threat to the power of the bourgeoisie.

Increased Exploitation

Once the role and position of the Labor Government is clearly understood its attitude to the working class should not cause any surprise. That attitude flows entirely from the position it occupies and from the role it has accepted. The interests of the working class are being subordinated completely to the efforts for capitalist recovery. Not only that, but the burden of the whole economic breakdown and crisis is placed entirely on the shoulders of the workers. The government's labor policy is keyed to its persistent demand for increased production. Wage policy is tied directly to labor productivity in callous disregard of the fact that the latter is determined primarily by technological development. Here the government's maxim is as cruel as it is simple: wage increases only on the basis of a proportional increase in production. Working hours are similarly tied to the interest of capitalist production. Shortly after its inauguration the government resisted fiercely the strike of the London haulage workers for a reduction of the work week from 44 hours to 40 hours. From the Yorkshire miners it demanded last summer the performance of an extra "stint"—cutting two extra feet of coal daily. The government now demands an increase in working hours in order to step-up production. Similarly measures are being worked out to reimpose wartime controls over the engagement of labor.

Within the nationalized industries, saddled with a crippling burden of exorbitant compensation and expensive management set-ups, the revenues must come out of surplus value produced by the workers. There is no other source from which they can be obtained. To the workers this means more speed-up, greater intensity of exploitation under more severe austerity, and a generally reduced standard of living.

The crucial question of which class benefits from the nationalizations is

here made singularly clear. It shows in whose interest the Labor Government rules. Yet insult is heaped upon injury. Cynically mocking its own class origin, the Labor Government advances its program in the name of socialism. That is perhaps the greatest of its crimes.

A yawning abyss remains between the needs of British economy and the policies pursued by the Labor Government. This abyss grows catastrophic in relation to the needs of the people.

The profit motive has become the greatest barrier to the further development of the material forces of production. Nationalization acts and emergency measures have not in reality eliminated or even reduced this barrier. Hence the constantly growing conflict between the material forces of production and the property relations within which they are at work. Neither the needs of the people, nor the needs of a stable economy, can be satisfied by production for profit.

How Government Policy Works

For example, when last August the Labor Government presented its new program of fresh austerities it faced a deficit in the balance of foreign payments at the rate of about two and a half billion dollars annually. The American loan was almost exhausted. Imperialist commitments still absorbed about 1,400,000 men tied up in the armed forces at an annual expense of over three billion dollars. Besides, more than a half million workers, sorely needed elsewhere, were wasted in armaments production. The government proposed, and carried through, drastic cuts in imports and in capital expansion. These affected the most essential mass needs—food, clothing and shelter. As a result the diminished food ration has dropped below an average of 2700 calories, admittedly insufficient for working people. The housing program, already far too skimpy for a bombed-out population, suffered a cut of \$800,000,000. From the military burden, however, relief was offered only to the extent of a token cut of 80,000 men. Indirect taxes were increased, hitting the work-

ing class income heavily, while a capital levy was rejected. The government, on the other hand, made appeals for a 50 percent increase of exports without any provisions for its attainment, except to demand longer working hours from an already ill fed, ill clothed and ill housed working class. And, needless to say, it proposed to increase the sales of goods abroad at the prevailing handsome rate of profits to British capitalists. Those in control of industry and commerce were asked politely by His Majesty's Prime Minister only to "refrain from declaring high dividends."

The Export Drive Panacea

But the very problem of exports is the government's Achilles' heel. Export to whom? Empire nations hitherto used to send raw materials for processing to Britain. They are now themselves taking care of their own processing on an increasing scale. And, above all, in every corner of the world market there rises the terrifying specter of ever more aggressive American competition. In several instances already export production plans have had to be altered because of this growing competition. Commenting on this very problem of exports Sir Stafford Cripps recently conceded the danger of a "descent into a spiral of depression."

The Labor Government is now looking hopefully to the Marshall Plan. An analysis of such prospects would go beyond the scope of this article. Suffice it to say that so far as the British Labor Government is concerned its contradictions are bound to increase rather than diminish when this plan actually gets into operation. Through former Under Secretary of State, William Clayton, Wall Street has already let it be known that relief from the United States would imply no further nationalization, longer working hours and reduced real wages. The implication here cannot be misunderstood.

At the same time there need be no doubt that the more the British bourgeoisie succumbs to the overwhelming American economic prepon-

derance the greater will be its fury against its own working class. At the expense of the latter it will attempt to extract compensation for its diminishing ration of the world economy. And the target of that fury will include the Labor Party itself.

Precarious Position Of Attlee Government

The Labor Party was carried into power by a mighty working class surge—stimulated and inspired by the demand for socialism "in our time." Once the Labor leaders were in power they were faced with the implications of their victory. Either they had to draw revolutionary conclusions from their mandate — for there is no other road to socialism "in our time" — or else frankly serve the capitalist state in which they found themselves at the helm. Of course, they chose the latter. Now the Attlee Government is caught between this mass upsurge and the rising resistance and sabotage of the bourgeoisie, backed by Wall Street. At the outset the government pursued its nationalization program aggressively. It took some steps toward social reform. Soon it began to retreat. Under bourgeois pressure this retreat continues. Action toward nationalization of the steel industry has now been shelved. But this will not satisfy the bourgeoisie. Meanwhile, the fraudulent pretensions about socialism confuse and disorient the workers. Workers' disappointments in the government's program, their confusion and discontent begin to reflect themselves in apathy and diminishing support for Labor candidates.

Truly the contradiction between the working class demand for socialism and the deeply ingrained Fabian conservatism of the Labor Party tops has reached catastrophic proportions.

Growing nervousness among this top circle is becoming increasingly manifest. It arises out of this contradiction which has already resulted in a large scale-left wing formation. So far this left wing is confined primarily to the Labor Party parliamentary fraction. It is still rather amorphous, heterogeneous, and lacks

the principled leadership necessary for an intransigent struggle against the betrayal of the old leaders. But the process is only beginning.

This nervousness is paralleled among Tory top circles. Churchill gave expression to it last August when the left wing revolt within the Labor Party parliamentary fraction reached a high point. Churchill praised the cabinet members as men of "experience and self-restraint." But, he said, they might be overthrown in their own party. This is the spectre haunting the Tories, the fear of further leftward developments—developments toward revolutionary action.

Growth of Left Wing

This fear is felt most acutely by the leaders of the Labor Party, whose contact with elements of revolt is far more direct. And, it is well founded. It would be the greatest mistake to underestimate the real importance of this present left wing development. There is sufficient evidence of its spread among the lower units of the Labor Party. Its general programmatic level can perhaps be best judged by the composite resolutions submitted to the last annual Labor Party conference. One of these resolutions deplored British support in the UN for the Truman Doctrine—which was viewed as a declaration of war on European socialism — and demanded the withdrawal of British troops from Greece. Another resolution voiced a critical attitude to British "subservience to capitalist America" and demanded closer cooperation with Soviet Russia. A third demanded reduction of the armed forces "considerably below" government proposals. A fourth demanded stronger representation of workers in controlling nationalized industries. A fifth demanded government resistance to capitalist pressure hindering the socialization of German industries in the British zone of occupation. A sixth demanded equal status for the colored and white races in colonies and the swift carrying out of socialist measures in these regions. A seventh demanded democratization of the educational system. An eighth

demand equal pay for women in government jobs. Lastly a resolution demanded democratization of the armed forces.

The Labor Party itself is the British working class in political action. Its emergence was described by Trotsky as "a priceless historical achievement, which even now can never be nullified." Relations between the Labor Party and the trade unions are thoroughly coordinated. Jointly the two form an almost ideal combination for political action, and economic organization. It is true that the Labor Party now operates on a purely parliamentary plane. It is equally true that the more decisive actions and struggles occur outside of parliament and ensue in the main from the economic conflict between capital and labor. Parliamentary activities, realistically conceived, should be supplementary to the latter. Yet the problems and actions of both organizations, regardless of the field in which these occur, become constantly more political in nature.

For the Labor Party is now the main focussing point. It is the governing party. Issues of the highest social and political order must be delineated and fought out within its ranks. And it is important not merely in relation to the present political actions, but even more so, in relation to the ideological development of the British working class. It is thus an ideal arena of struggle for conscious revolutionists.

Today the combination of the Labor Party and the trade unions appears in its most truncated form. It asserts itself primarily in bureaucratic collusion at top levels. The trade union leadership is integrated ever more with the political state. Its task is to hold the rank and file in check, to assure submission to the government program of loading the burden of the crisis on to the broad backs of the workers. Its task is to function as the political police depriving the unions of their independence for the benefit of the capitalist state. Hence, as already noted, worker resistance finds an outlet mostly through unauthorized strikes in defiance of the bureaucratic leader-

ship. A certain parallel can be drawn between the revolts in the Labor Party and in the trade unions. These revolts can be expected to increase in both organizations as the left wing takes on more definite form and content. But possibilities for success depend upon a closer interrelation and coordination of these developments: All the more reason for conscious revolutionists to be active in both the Labor Party and the trade unions.

A New Coalition Government?

The Labor Party leaders' fear of further leftward developments gives rise to rumors at each recurrent crisis of a possible return to a coalition government. This may seem paradoxical in view of the party's great preponderance in the last elections. But it is precisely this preponderance which nourishes the fear: for a working class conscious of its strength aims to utilize it.

In stemming mass action, the hopelessly conservative top leaders have displayed time and again their feeling of greater comfort by direct collaboration with the bourgeoisie. Thus parallel with the growth of their fears increase their retreats and capitulations to the bourgeoisie. Politics engender its own inescapable logic. Once these leaders have said A, they also must say B. One such retreat leads inexorably to another, and by its very logic to a return of coalition.

However, that means precipitating a split in the Labor Party: A prospect that is not too remote even without a return to coalition. In any event, they would not be capable of splitting the working class forces. They could only reenact the inglorious 1931 walkout of Ramsay MacDonald and his faithful ten, from which the Labor Party would draw new strength.

For the mighty working class up surge, which lifted the Labor Party to power, will hardly "recede respectfully." The working class strove toward a definite objective; and it will eventually insist on reaching that objective. It will do that confident of its strength. The working class knows it created the Labor Party and carried

it to its election victory on a program of "Socialism in our time." The working class expects actions and results. If this cannot be attained under the present leadership the working class will throw it into discard and create a new one.

Toward a Showdown

As Engels predicted, conversion into state property only brings the capitalist production relations to a head: "But brought to a head," he added, "it topples over. State ownership of the productive forces is not the solution of the conflict, but concealed within it are the technical conditions that form the elements of that change. . . . And this can only come about by society openly and directly taking possession of the productive forces which have outgrown all control except that of society as a whole."

It is in this sense that the present Labor Government represents the first stage. Now left wing developments are beginning to take form, to work out a program and policies of a more definite socialist content, for the next stage.

Trotsky once said that the British working class will "very probably be obliged to replace its leadership a number of times before a party will be born which truly corresponds to the historical situation and tasks of the British proletariat." And he added: "It will take much less time to transform the Labor Party into a revolutionary party than was required for its creation."

The first step in this transformation is to recognize that genuine socialism, the socialization of all economic activity, cannot be achieved without a revolution. No ruling class ever gave up its power without a struggle. Least of all can this be expected from the British bourgeoisie which has behind it centuries of universal banditry. Although forced to the wall by the decline of the empire, and by working class pressure, its position has not been weakened materially by the rule of the Labor Government.

But, as the failure of this Govern-

ment's attempt to find a solution to Britain's difficulties on a capitalist basis become more clearly demonstrated, the working class will have gained a new and priceless experience. The impact of this experience, conditioned by accelerating capitalist crisis and decay, must produce within its ranks a further profound shift to the left. For what is now involved is the very existence of two classes whose interests are irreconcilably opposed and whose destiny can be settled only by a struggle to the bitter end.

Compared to the mighty host of the Labor Party the consciously revolutionary forces are still numerically small. This quantitative relationship reflects the illusions that still exist

among the masses about the fraudulent pretensions of the Labor leaders. With a further shift to the left, this relationship will also change in favor of the revolutionists, when they draw for the masses the necessary conclusions of their common experience: irreconcilable opposition to the whole conservative bureaucracy, and for a new leadership committed to a genuinely socialist policy. Not only will the quantitative relationship then change, but the revolutionists will in the further process advance to stand at the head of the movement.

And what about American imperialist intervention? Will that change or reverse this process? Wall Street's intervention may serve to retard the

process, but not to alter its fundamental course.

Trotsky reminded us that: "In the decisive struggle against the proletariat the English bourgeoisie will receive the most powerful support from the bourgeoisie of the United States, while the English proletariat will draw its strength in the first place from the working class in Europe and the subject nations in the British colonies." Today it is possible to add, that the British working class will draw further strength also from the American working class moving forward to a greater consciousness of its destiny.

February 1948.

THE MARSHALL PLAN - I

Its History and Development

By Pablo

A Marshall "idea" came first before there was actually a Marshall "plan." The latter took form only as events compelled Washington to eliminate empirical groping and to formulate a policy upon the close of this war consistent with its role as the leading power in the capitalist world. This role conferred upon the United States by the imperialist struggle and by present conditions in the capitalist world demanded a more coherent strategy corresponding not only to the immediate interests of Yankee imperialism, but also to its long-term interests.

The evolution of American policy between 1946 and 1948, from Byrnes to the Marshall Plan via the "Truman Doctrine" as formulated in the speech of March 12, 1947 and applied in Greece and Turkey, is distinguished in its rise from empiricism and instinctive reaction to a political and military doctrine reflecting a clearer and more serious awareness of the facts of international reality by the present leaders of the American capitalist class and their development of a method of dealing with this reality. The conception of the Marshall Plan, as it emerges on the eve of its discussion in Congress, is based on economic, political and military considerations. It pursues two aims:

a) To contain a new Soviet thrust in the near future by supporting the capitalist structure of Western Europe which is *on the verge of collapse*.

b) To give this support a content that can, at the same time, assure what Truman calls in his statement of January 14, 1948, "long-term prosperity" for American economy. This means, to rebuild shattered European

capitalism under American control, which will prevent an independent development of productive forces in Europe capable of competing with American economy, and yet assure the latter a maximum of possible markets. This would permit the maintenance of the present level of production in the United States, the postponement of the outbreak of the economic crisis, and limit the scope of the crisis in case it should come.

These *economic* aims of the Marshall Plan are interlaced with more specifically political and military objectives. Success of the plan would bring in the immediate future, with the consolidation of the economic situation of Western Europe, the political stabilization of regimes subsidized by American imperialism, and capable of effectively backing it, in a more distant perspective, in event of a conflict with the USSR.

On the other hand, from the purely military point of view, the Marshall Plan corresponds to the evolution of American strategy which is increasingly oriented towards the utilization of its superiority in Atomic weapons. These are to be employed by its naval and aerial forces operating from bases located outside the European continent, with the objective of directing the attack immediately against the very heart of the USSR, to the vital centers of its economic and industrial power. From this point of view, the Marshall Plan is really a step beyond the "Truman Doctrine"—at least in its original form of the speech of March 12, 1947, and as applied to Greece and Turkey—to a political conception of greater scope and concreteness.

In this study we shall examine the history of the elaboration of the Marshall Plan and appraise the concrete facts regarding it, as well as its possible repercussions on the perspectives of European capitalism.

From the "Marshall Idea" to the Report of the Sixteen

Before it took shape in the speech of June 1947, the Marshall "idea" had occupied the minds of the most informed advisers of America's big businessmen, who were uneasy over the immediate future of European capitalism and the catastrophic repercussions which its crash would, in the long run, have for American capitalism itself.

In addition to the warnings of Walter Lippmann, in June 1947, just prior to the Harvard speech, *Fortune*, a magazine specifically addressed to the "boards of directors of American Business," contained an appeal to these gentlemen to reflect upon the immediate and long-term advantages involved in a foreign "investment of 100 billion dollars," spread over 50 years, especially in Europe. *Fortune* hastened to stress that naturally this amount, relatively very small compared with the 341 billion dollars that three and a half years of war cost the United States, would be placed at the disposal of foreign countries not "for purposes of altruism, but of world policy and for profit." It would be a matter of proceeding, under American leadership and control, to "world reconstruction through a businessman's concept of peace" which can assure a long prosperity for American economy and can prevent Soviet expansion. *Fortune* gave precision to its program in this way:

"To cut prices (in the United States); to encourage loans; to foster imports; to send engineering missions into the far places, that is our specific four-point proposal for applying a businessman's theory of Peace with profit via Plenty."

At Harvard, Marshall spoke in a similar vein. His "historical" speech contained the following ideas:

- a) The reconstruction of Europe would require more time and effort than was at first believed.
- b) Visible destruction was less important than the organic dislocation of Europe's productive apparatus.
- c) American aid was absolutely indispensable for European reconstruction.
- d) However, it was no longer a question of dealing with each European nation separately, but it was essential to start with Europe, or a part of Europe as an economic unit.

Along these lines, he appealed for European collaboration so that it could benefit from American aid.

In reality, American aid, especially for Europe, has not stopped since the beginning of the Imperialist conflict. It first took the form of wartime "lend-lease" and subsequently the form of UNRRA deliveries, loans, etc. The total amount of this aid, according to a recent report (1),

(1) "The Impact of Foreign Aid Upon the Domestic Economy," by the Council of Economic Advisers.

amounts of 5,908 million dollars for the year 1945; 5,354 millions for the year 1946; 6,768 millions for the year 1947. In addition, the United States has invested 3,386 million dollars in the *International Bank* and the *International Monetary Fund*, which, in practice, constitutes another form of "aid" to foreign countries.

Of this aid, the greater part, over 11 billion dollars, was given to the countries of Europe between 1945 and 1947. Thanks to this aid, these countries were able to feed their populations to some degree or other, as well as provide raw materials and means of production for their industries.

But up to now this aid was given sporadically and without coordination. Marshall suggested in his Harvard speech that it be replaced by a "planned" aid designed to restore European economy and to render it capable, in the near future, of being self-sufficient.

Despite its vagueness, the Marshall proposal, which contained the promise of a new injection of dollars into the sclerotic veins of European economy, provoked delirious enthusiasm from Rome to London. Italians, French and British were all three writhing at the time, in the throes of a "dollar crisis." Bevin rushed to grab the life-line thrown out by "generous" America. After an initial consultation with the French, he organized the "Conference of Three," which took place in Paris at the end of June 1947, with the participation of Molotov, representing the Soviet Union. As no agreement could be reached among these three in appraising and utilizing the "Marshall offer," for reasons that we shall examine separately, the British and French decided on the principle of a European conference that would include all the European countries agreeing to participate in "European reconstruction" under American auspices.

In August 1947, when the conference of sixteen European nations took place, all the countries of Europe with the exception of the Soviet "buffer-zone" were represented. Thus the "Western Bloc" took shape, this time under American auspices. Economic necessity compelled British as well as French imperialism to bury their original policy which envisaged, right after the war, the creation of such a bloc to oppose both Soviet and American expansion. On the political plane, the Marshall "idea" thus achieved its first victory over the USSR, calling forth from the very start a regroupment of the capitalist world behind Washington's golden chariot.

The main points in the labors of the Conference of Sixteen on the economic character that American aid should assume have been given in the reports of its technical commissions, which we shall now examine.

The Report of the Sixteen

The Sixteen reached their first conclusion, towards the end of August 1947, that American aid for the four year period, 1948-1951, ought to total 29 billion dollars.

This figure was immediately considered excessive by Washington which, through Assistant Secretary of State

Lovett, advised the participants to be "reasonable and realistic." Washington sent G. Kennan and Charles Bonsteel to Paris in order to modify the picture of bankruptcy of European economy established by the experts of the Sixteen, and to reduce the dimensions of the requested aid. It became known that the two American envoys, assisted by Ambassadors Douglas and Caffery, were dissatisfied with the first projected report prepared by the Sixteen. They formulated two principal criteria for such a report:

a) It had to show clearly that the European nations benefitting from American aid pledged themselves to become self-sufficient by 1952 without further dollar credits.

b) The report was not to be a simple list of demands to be met by American dollars, but had rather to indicate a real effort toward effective economic cooperation among the sixteen nations.

These criteria were repeated more clearly by the new American envoy Clayton, who arrived in Paris at the beginning of September 1947 in order to revise the report of the Sixteen for the second time before it was sent to Washington. The Sixteen having already conceded a reduction from the 29 billion dollars initially forecast to 21 billions, Clayton set forth six tests, the principal ones involving domestic policy of the Sixteen and cooperation among them. Clayton, too, insisted that nations benefitting from American aid had first to stabilize their currencies and cooperate more thoroughly with each other.

In reality, these criteria clarified one aspect of the direction of American aid. The businessmen from across the Atlantic expected to invest their funds in Europe in fertile and propitious territory for American business and trade, thanks to the prior execution of a series of (a) deflationary measures—to check inflation; and (b) anti-protectionist measures—lowering tariff barriers and making all Western Europe into a space relatively free for the circulation of American goods. In the light of these considerations, we can understand the whole series of measures taken by the capitalist governments of Europe and primarily by Italy, France and England, in order to prepare the ground for the adoption of the Marshall plan by Congress and for its application: the customs agreements of Geneva, the deflation policy of de Gasperi and of Schuman, the devaluation of the lira and the franc. All that was already implied in the final report of the Conference of the Sixteen.

This report, published in the last week of September 1947, contains a series of fundamental facts regarding the present economic unbalance of the European capitalist system and the means envisaged for surmounting it. It is divided into seven chapters treating in succession the following questions:

a) Historical introduction and present situation of European economy.

b) The program for European economic reconstruction.

c) Production efforts that must be made.

d) Analysis of the financial condition of the European

countries and means to be employed to attain monetary stabilization.

e) Economic cooperation among the countries benefitting from American aid.

f) The program of necessary imports for the period of the plan (1948-1951).

g) The problem of payments in order to attain a favorable balance by 1952, making it unnecessary for Europe to resort to new American credits.

It is naturally difficult to proceed to a critical analysis of the entire report. We will limit ourselves to examining its essential points.

The historical introduction of the report points out the causes for the present economic unbalance and for the imperative need of American aid. Since a fundamental factor is treated there, an understanding of it will enable us to obtain a clearer picture of the Marshall Plan.

The basis for the present crisis of European capitalism lies in the breakdown of the pre-war economic equilibrium. Before the war, Europe and the principal countries comprising it (England, Germany, France, Italy, Belgium, Holland) had an adverse *trade balance* but a favorable *payment balance*. The trade deficit was covered by the returns from capital invested abroad and from various services (shipping, commissions, etc.). Their "prosperity," as the report puts it, depended on the maintenance of the following conditions:

a) Adequate trade with overseas countries;

b) Revenue deriving from the profits of their merchant marine and from their foreign investments;

c) Exchanges of coal and various steel and chemical products among themselves and with Germany;

d) The possibility of supplying themselves with machines, livestock fodder, and fertilizer, necessary for maintaining a specialized and intensive agriculture at a high level, in return for exports to other countries in the plan and to Germany.

The results of the war have upset these conditions. The report enumerates them; heavy destruction of the productive apparatus, transportation and housing by the war; reduction of soil fertility and of other natural resources (coal); liquidation of foreign investments; dislocation of normal routes of international trade, disappearance of the world trade of Germany, economic upheavals in vast Asiatic regions, rise of the United States as principal agricultural and industrial supplier to the other countries.

All this has led to a fundamental unbalance. Goods and services move almost in a single direction, from the United States to Europe, while credits accumulate in the United States.

The report sums up the efforts made since the liquidation of the war in order to overcome this situation. However, despite the progress registered in restoring production and world economic cooperation, and despite the 7,746 million dollars granted by America from 1945 up to August 1947 to the sixteen participating countries, "it became evident in the Spring of 1947 that there would be a shortage of dollars, and that the entire reconstruction of Europe was thereby endangered."

On what considerations does the report base its outlook

for overcoming this situation? On a productive effort based on the renewal and modernization of the productive apparatus of the participating countries, backed up by American imports of agricultural and industrial products. *In order for Western Europe to achieve its own economic level of 1938, it must, starting from its present level, accomplish a productive effort equal to that realized by the United States in the mobilization years 1940-1944, which increased coal production by 34%, steel by 31%, electrical energy by 61%. The respective figures set by the report for Western Europe are: 33%, 60%, 44%.*

The report, therefore, has no greater ambitions than a simple restoration of the economic level of 1938, *if we bear in mind* that the slight increases for coal, steel and even electric power would be balanced *on the one hand by the need for renewing the destroyed, outworn or antiquated European productive apparatus, and on the other hand by the anticipated increase of 11% in population for Western Europe by 1951.* Agricultural production, except for sugar and potatoes, which will increase slightly, will not even surpass the level of 1938 by 1951, despite the increase in population. The same forecast is made concerning the merchant fleet.

As for the increases forecast for coal, steel and electric energy, which must surpass the 1938 level (2), the calculations are made on the basis of replacing and modernizing the productive apparatus of England, France, Belgium and Italy. *The report takes as an accepted fact that German production, despite important progress foreseen between now and the end of 1951, would remain considerably below its pre-war level.*

Thus production of coal in England is forecast as passing from 231 million tons in 1938 to 249 million tons in 1951, and in France from 48 to 63 million tons. The respective figures for steel are: England, from 10.6 to 15 million tons; France from 6.2 to 12.7 million tons.

The volume of imports envisaged by the report remains that of a normal pre-war year, with this fundamental difference: *American imports payable in dollars go from the pre-war 40% to two-thirds.* We thus arrive at the crucial point in the report and in the Marshall Plan: that of payments. This involves the restoration "by other means" of the pre-war economic equilibrium, which would make it unnecessary for Europe after 1951 to seek new dollar credits. The report assumes, given a whole set of favorable foreign factors, that the present deficit in transactions with the American continent, principally with the United States, can change in the following way:

(2) 32 million tons more coal compared with 1938, or 5.7%; 9.6 million tons more steel compared with 1938, or 20%; a two-thirds increase in productive capacity as compared with that of 1938.

	(Millions of dollars)				
	1948	1949	1950	1951	Total
United States	5,640	4,270	3,280	2,620	15,810
American Continent, excluding U.S.	1,940	1,820	1,300	910	5,970
	7,580	6,090	4,580	3,530	21,780
Deficit of dependent territories	469	260	70	-130	660
Total.....	8,040	6,350	4,650	3,400	22,440
Less capital available through International Bank .	920	1,890	720	600	3,130
Total.....	7,120	5,460	3,930	2,800	19,310

We therefore reach 1951 with a deficit of 2,800 million dollars against 1,750 millions in 1938. However, even in this most favorable case, the following conditions would have to be fulfilled:

a) Lowering of prices in the United States; b) restriction of present imports from the United States; c) increase in European production in accordance with the anticipated rhythm and percentages; d) imports from other parts of the world, especially from Eastern Europe and Asia; increased exports to the United States and the American continent generally, according to the following table:

	(Millions of tons)	
	United States	Balance of American continent
1948	850	1,310
1949	1,110	1,720
1950	1,230	2,140
1951	1,480	2,460

But the United States is currently importing from Europe about *one-half* of its pre-war imports, and there is no reason to believe that it is going to increase its imports very much in the future.

American economy is evolving more and more along lines whereby it can not only get along without European imports, but is becoming the most formidable competitor of European production in all other available markets. For example, as the London *Economist* correctly observed, none of the principal products of British industry can seriously interest American demand.

On the other hand, as regards the Latin American market, for which the report of the Sixteen forecasts a constant increase for European exports, we must not forget that the United States has very greatly strengthened its own economic positions during and after the war in this region. The approach of the crisis in the United States will make it even more imperative to safeguard and extend its expansion in this market.

Thus, in reality, the optimistic forecasts in the report of the Sixteen regarding the re-establishment of an economic equilibrium between Western Europe and the American continent towards 1951 rest on the illusory calculation that

the United States would consent to surrendering a part of its own domestic market and of the Latin American market, (not to mention the rest of the world market). It does not at all take into account that such a turn is very unlikely, even in the case of a normal development of American economy, and becomes absolutely impossible if we start from the perspective of the inevitable crisis in the United States, which would push it on the road of even more ruthless expansion in the entire world market.

We have deliberately left aside a series of other factors which enter into the report of the Sixteen but which are no less uncertain. Here are the principal ones:

a) The Report is based on an American aid of 22 billion dollars (after having indicated the figure of 29 billions). It is known that there is no question any longer, even in the most favorable case, of having Congress agree to more than 17 billions, a reduction of about 22%. Under these conditions, how can the forecasts in the report regarding production levels and monetary stabilization be realized?

b) The report is predicated on the lowering of prices and, in any event, on their stabilization in the United States, and on a rapid monetary stabilization in the countries benefiting from the plan. Neither one nor the other are certainties, at least within the period required for success of the plan. On the contrary, the year 1948 is beginning with a new inflationary drive both in the United States and in Europe.

c) The report naturally ignores the class struggle and presupposes an atmosphere of "social peace" which will link the workers to productive conditions favorable for the capitalists. (No strikes, wage freezes, restrictions on food, increase in hours of work). It is enough to mention the workers' struggles which broke out in France and Italy from the middle of 1947 on, and to evaluate them in the economic sphere in order to gauge the precarious character of these calculations.

d) The report does not envisage the outbreak of an economic crisis in the United States before the end of 1951 which, naturally, would upset the whole world economic and political situation.

Still another supplementary observation: the report gives no concrete answer to the principal question which is this: In the hypothetical event of increased production according to its forecasts, how can it guarantee the necessary foreign markets for the surpluses of this production, in view of the competition of the United States and the dislocation (conceded, by the way, in the report) of the natural pre-war world trade routes with Eastern Europe, Latin America and Asia? Even before the applica-

tion of the Marshall Plan and before production has reached the levels forecast by the report, exports of most of the participating countries show a declining tendency due to the saturation of the available markets and the impossibility of finding new ones (3).

Therein lies the entire problem. Despite all natural obstacles, there would be a perspective of revival for European economy if there were a perspective of new markets. But the war has brought about a structural change in the capitalist world, dominated by the power of the United States. American development determines the elimination of other capitalist powers from the world market and limits them to the most meagre portion.

Washington's Point of View

The report of the Sixteen, while being controlled by the experts of Washington, expresses the point of view of the European capitalists on the method of utilizing American funds for attaining restoration of the economy of Western Europe, at least in its *dimensions* and its *possibilities* of 1938. From another section, it clearly appears in this Report that the British capitalists and to a lesser extent, the French, are expecting to head this reorganization of Western Europe, by taking for themselves the lion's share of American funds, and by leaving the development of the other European countries, especially Germany, as low as possible.

Events since the publication of the report demonstrate that Washington sees this question from another point of view. For America, it is not a question of a disinterested reconstruction of European economy; it is a question of reviving Western European capitalism *only so far as this rise remains inoffensive to American economy and guarantees new outlets as well as all the political and military advantages which Wall Street considers indispensable to its world policies.* From this point of view, Washington is preparing to grant aid which is: a) limited, so as not to risk a serious rehabilitation of European economy; b) directed and controlled, so as not to stimulate an independent development of European productive forces capable of competing with its own economy; c) favoring Germany rather than England and France, in order the more firmly to keep in its hands control over the totality of Western European economy, we will briefly analyze these considerations in the next issue.

(3) For example, French exports have stagnated since the middle of 1946, and the portion destined for countries with "firm currencies," primarily the United States, has even declined heavily. The same can be noted for Italian, Belgian and Dutch exports.

Josef Stalin, Music Critic

By George Sanders

"Any musical innovation is full of danger to the whole state, and ought to be prohibited."

Plato, *The Republic*

* * *

Bureaucracy's iron fist has long since squeezed the last breath of life out of contemporary Soviet art, until even the professional enthusiasts for Stalinist culture are embarrassed by the hopelessly dull academism of Soviet painting and sculpture, the continual reiteration of the same themes and motives in the same drab conventional style. The literary purge which began in August 1946 will undoubtedly succeed in rendering Soviet literature equally worthless, if it has not already done so. In face of the general debasement of their wares, the vendors of Stalinist culture abroad have restricted themselves more and more to extolling the virtues of Soviet music, especially the music of Shostakovich, Prokofieff and Khachaturian. This has not been hard to do, since the first two at least have long been recognized everywhere as the leading representatives of an important international tendency in contemporary music. However, the Central Committee of the Communist Party of the Soviet Union, showing no more respect for the feelings of its lackeys than it has on more momentous occasions, recently disclosed that the Stalinist culture-vultures were enjoying themselves by mistake, for not only Shostakovich, Prokofieff and Khachaturian but the whole Russian music world was found guilty of "formalistic distortions," "anti-democratic tendencies," "atonality, dissonance and disharmony," "renunciation of melody," etc., etc.

WHY THE PURGE?

The thousands of musicians and music lovers whose sympathy for contemporary Russian music is not politically motivated were, if less discomposed, equally surprised. Why this wholesale denunciation by the authorities of a cultural export so profitable and of considerable propagandistic value? A careful study of the document (printed in full in the *Daily Worker* of March 12) establishes that insofar as it is motivated by musical facts the criticism is not really directed against the composers indicated. The text names Shostakovich, Prokofieff, Myaskovsky, Shebalin, Popov "and others" as composers in whose works "the formalist anti-public trend has

found its fullest manifestations." Of these the first four are among the most frequently performed of contemporary composers. But the entire document fails to criticize a single specific work by any of these figures, the only identified composer being an opera whose only performance was a private affair attended by Stalin and other officials, the work of an obscure Georgian composer, V. Muradeli. The Soviet composer wishing to improve his music by availing himself of the specific criticisms leveled against his unnamed compositions will not be helped much by such formulations as "anti-public," "anti-democratic," "alien to the Soviet people and to its artistic taste," "alien to the principles of socialist realism," "reeking strongly of the spirit of the contemporary modernist bourgeois music of Europe and America." However, the Central Committee goes further and includes in its resolution a lesson in musical composition, which we shall try to summarize.

Soviet composers are making extreme use of dissonances and have adopted an atonal, formalistic style; they have renounced melody and negated "the basic principles of classical music;" their work displays a "passion for confused, neuropathic combinations which transform music into cacophony." It is at this point that Stalin's musical GPU detects the strong stench "of the spirit of the contemporary modernist bourgeois music." This last epithet is the only one which the student of contemporary western music will find unfamiliar, the others having long been stock expressions of the opponents of the revolutionary trend whose foremost representative is Arnold Schoenberg. The very term "atonal" was coined for the express purpose of describing his style. These critics, detecting in this new music only a morbid desire to reduce the musical order to a state of anarchy, recognize the contemporary Russian composers as the leading exponents of "healthy" music and the strongest opposition to the "nihilistic" tendencies of Schoenberg. Olin Downes, whose musical ideas are as reactionary as the political and social concepts of the paper for which he writes, heartily endorsed the musical principles expressed in the Central Committee's resolution but emphatically rejected its denunciation of composers who "put strikingly into practice the very principles which the Central Committee

recommends" (*New York Times*, Feb. 22).

In addition to their "passion for confused, neuropathic combinations," Soviet composers are accused of "a one-sided passion for complex forms of instrumental, symphonic, textless music" as well as a "passion for monotonal and unisonal music and singing." At this point the musical criticism, apart from the question of its applicability to the composers under discussion, becomes quite incoherent. How "unisonal music" ("playing of the same notes or the same melody by various instruments or by the whole orchestra, either at exactly the same pitch or in a different octave," — *Harvard Dictionary of Music*) can give rise to dissonances is not explained, nor is it possible to understand how composers with a "passion for complex forms" can prefer "unisonal" to polyphonic music.

"Anti-democratic tendencies" are further exemplified in the ostensible neglect of native folk-melody, as preposterous an accusation as one can level against a composer like Khachaturian, "whose whole art," as Olin Downes points out, "is based upon Armenian melody."

ANOTHER FRAME-UP

The evidence proves that Stalin has perpetrated another frame-up in the customary pattern. The composers involved and several not even mentioned in the decree confessed their crimes and thanked the Central Committee for its "stern but fatherly care."

It is doubtful whether the history of music knows a more reactionary document than the present one since the notorious edict of Pope John XXII in the year 1322, banishing the progressive contributions of two centuries of musical development from the church. Violators of the Stalinist bull, however, will certainly be punished more severely than "by a suspension from office for eight days," which was all that the pope threatened. Moreover, the papal decree applied only to liturgical music and had no adverse effect whatsoever on the production of secular music, which the fourteenth century advanced enormously. But Stalin's shameful document leaves not a single musical genre within which the progressive composer may express his ideas without being tracked down by the GPU's musical bloodhounds. Every paragraph of this infamous document sneers at "originality," "innovation," "revolution," "modernism," ac-

companying every appearance of these words with disdainful adjectives. According to Stalin the "normal human ear" finds certain "sudden, dissonant noises completely alien," but according to the best psychologists and music historians, the ear is historically conditioned in its tastes.

Folk-music is extolled, its neglect denotes an "anti-public" trend, it must serve as the basis of "democratic musical forms." The utterly reactionary character of this demand becomes clear at once if we transfer it to the American musical scene. The outstanding product of American folk-song is certainly the Negro spiritual, which will remain a monument to the creative imagination of the Negro people and a source of

rich esthetic experience. But is there any "progressive" content in the present-day utilization in symphonic music of melodies the social origin of which is the misery of an enslaved people whose only solace was religion, who hoped to find equality only in heaven, "where all God's chillun got shoes?" A composer may have his own private musical reasons for wishing to utilize these melodies, but their use is no more a guarantee of "democratic musical form" than the use of Gregorian chant or of any other traditional material.

Plato, Pope John, the Central Committee and all others who think that bureaucratic proclamations can halt the evolution of musical ideas suffer from a common delusion. Just as "agitators"

and "trouble-makers" are blamed for social discontent, so the "morbid" and "perverse" inclinations of certain composers are blamed for disturbances in the field of tone-relations. But new scales and new harmonic concepts are not arbitrary inventions. They result from the organic evolution of the tonal material itself. "Dissonances" and "atonality" will continue to crop up unless the whole musical heritage of late 19th-century romanticism, which includes "the best traditions of Russian music," is wiped out, definitively erased from the minds and memories of men, for it is here that these present-day musical disturbances have their origin. Not even the all-powerful Stalin's Central Committee can accomplish this.

Czechoslovakia Since 1945

A Brief Historical Sketch

We are publishing below extracts of special importance from a survey of the situation in Czechoslovakia, prepared by comrades who have studied the evolution of this country in the course of the last few years. Bourgeois journalists have often cracked their teeth over the problem of this "bridge between the East and the West." All their analysis offers is, in general, a collection of commonplaces. This article does not exhaust the question. But it has the advantage of starting with a Marxist interpretation of the historic process and of seeking, beneath questions of ideology and "power politics," the fundamental social relations between the classes.

This essay was written last September. The recent events leading to complete Stalinist domination of the Czech government have put an end to the "idyllic" conditions in this "democratic" island among the buffer states of the USSR. But the analysis it contains does not in the least diminish in importance because of that. On the contrary, it becomes all the more indispensable to a genuine understanding of what has taken place and of the future course of developments in Czechoslovakia. — The Editors.

THE FIRST WORLD WAR MADE POSSIBLE THE emancipation of the Czech and Slovak peoples from the iron girdle of the Austro-Hungarian monarchy. The instrument of this emancipation was the Czech proletariat which had to bear the heavy brunt of the struggle against the German and Austrian bourgeoisies. But the ideological leadership of this "liberation" lay in the hands of the young Czech bourgeoisie, which was in full flower at the time and based itself primarily on the National Socialist Party of Masaryk and Benes, a party comparable to the Radical Socialist Party in France. International capital, especially French and British, was for this young Czech proletariat not only a military partner, but also and above all a political protector, because it was a lender of capital.

The young Czechoslovakian state received as a christening present not only the social question — the presence of a highly concentrated proletariat, the majority of which was about to go over to the Czech Communist Party — but also the national question. The Czech bourgeoisie dominated a state in which its own nationality constituted a minority. The German national minority never ceased its struggle for self-determination, which was carried on for a long time by the workers under the banner of Socialism and by the bourgeoisies under that of pan-Germanic chauvinism. The Hungarian, Polish, and Carpatho-Ukrainian minorities, as well as the Slovak people, for their part also carried on a national struggle. The particular forms of these struggles, however, were determined by the almost complete absence of a proletariat and a real industrial bourgeoisie.

The victory of the Czech bourgeoisie resulted only in secondary changes in the situation of the Czech proletariat. The heads of the government changed, but the proletariat remained a proletariat. Chauvinism was unable to take root during the first years of existence of the young Czechoslovakian Republic, particularly as a consequence of the workers' disappointments over the material results of the "National" victory. The Czech Communist Party grew stronger and experienced an expansion unprecedented in the working class movement of the country up until the fateful year of 1926. The bourgeoisie then succeeded in crushing the last important post-war wave of mass struggle, the movement ebbed, and the Czech Communist Party began to flounder about in a state of utter degeneration.

The economic crisis of 1929 hit the young state severely and it came to an appalling standstill. After Hitler came to power, the Czechoslovak crisis evolved rapidly toward

catastrophe. The German proletariat among the Sudetens, the great majority of whom were at that time organized in the Communist and Socialist parties, was hired to work across the frontiers in the Reich war-boom industries. They returned each week-end with real wages much higher than those of the Czech worker, to say nothing of the unemployed dole, on which a large part of the working class population of the Sudetens had to live previously. Fascist influence began to grow among this population, and in the elections of 1937, Henlein's (Sudeten-Nazi) party received almost 90 per cent of the German vote in Czechoslovakia.

After the sectarian and adventurist years of the third period," the C. P. undertook a broad turn to the right and became the instigator not only of the "Popular Front," but also of the campaign for an "Anglo-French-Czech-Soviet military alliance" with the intention of "checking Hitler, the aggressor." In panic-stricken fear of the Third Reich, the Czech petty bourgeoisie joined en masse the C.P., which had become an exponent of the most extreme chauvinism. The excesses to which this ultrarightist agitation of the C.P. led (during the 1938 crisis, the C.P. leader and present head of the government, Clement Gottwald, joined the leader of the Czech fascists, General Gajda, in toasts to "long life" for the military dictatorship of General Syrový) provoked unprecedented confusion and disorientation among the working class masses.

From Munich to "Liberation"

The Czechoslovak crisis ended in 1938 with the Munich Pact, which deprived the republic of all its means of military defense as well as an important part of its industry. The short period of the so-called "Second Republic" — from Munich to the occupation of the country by Hitler in March 1939 — witnessed the lamentable collapse of the "democratic" parties. The Communist Party permitted itself to be banned without any resistance. Only the central organ of the Party continued to appear illegally, but under the editorship of a group of Zinovievist and anti-Stalinist students. The Social Democracy disappeared from circulation and the "National Socialist" Party of Benes experienced a rapid process of ideological fascization. After the occupation of Bohemia and Moravia by German troops and during the first years of the war, the masses remained completely passive. The petty bourgeoisie even hoped for a peaceful compromise with German fascism, which did not demonstrate during the first few months the bloodthirsty brutality that was to come with the outbreak of the war.

Moreover, the "Allied" imperialists were greatly discredited in the eyes of the petty bourgeoisie as a result of their attitude at Munich. The proletariat was stunned by the uninterrupted victories of Hitler, by the sudden and total disappearance of all its leaders, by the momentary and entirely relative improvement in its material living conditions — as a result of armament production and

the longer working day — and finally, by the wave of Gestapo terror.

In Slovakia, which had become an independent state thanks to Hitler, the peasant population lived a life almost untouched by the war. The agricultural products remained in the country and were not skimmed off beforehand by the Czech bourgeoisie. The German authorities stimulated the industrialization of the country to the best of their ability. The clerical fascism of Hlinka had a broad mass base in the peasant population, which was exceedingly backward and completely dominated by the clergy. Slovakia, favored in this way, served Hitler as a spring-board to the Soviet Ukraine and at the same time, as a step toward Hungary and the Balkans.

After the German attack against the U.S.S.R. in 1941 and the beginning of a spirit of revolt among the Czech petty bourgeoisie, the situation began to change slowly. But even after this, the resistance movement did not become a mass movement. This was impossible due to the place occupied by the "Protectorate of Bohemia and Moravia" in the Hitlerian system in Europe. For the fascist leadership conducting Germany's war, this "protectorate" was both an arsenal of the Reich and a vast anti-aircraft shelter. It was administratively incorporated to the point where its annexation seemed certain to the fascist leaders. And this permitted a control and a degree of terror unknown in the other occupied countries. The mines and the factories never ceased operating at full capacity up until the last week of the war. After the destruction of Lidice and Lezaky — the two villages razed by the S.S. troops — the peasants were so terrorized that they abandoned the greater part of their stocks of wheat and other agricultural products.

The working class viewed the activities of the parachutists, saboteurs and partisans with sympathy, collaborated with them from time to time to a small extent, but never on a large scale. Because of this, the resistance movement never assumed the form which it did in Yugoslavia and even in France. The C.P. became stronger as the Russian armies began to win military victories. All the elements which in the past had belonged to the Communist Party, now remembered it again and began to pour into the illegal organizations. Mostly, on the basis of the chauvinist propaganda which constituted the platform of the Party during this period.

The So-Called "Revolution of May 1945" and the "Liberation"

The "Protectorate of Bohemia and Moravia" was the last country to be "liberated" by the Allies. Even after Berlin's fall and Hitler's suicide, violent fighting continued here for some time. On May 5, 1945 the May insurrection broke out, at a time when the Soviet armies were fighting some 140 kilometers away while at scarcely 40 kilometers off the American forces, resting arms, were awaiting the arrival of their Russian allies. The Prague insurrection, the story of which has by no means been

fully clarified as yet, was the action of a relatively small section of the population. The result of it was assured in advance by the military situation in Europe. The principal thought dominating the participants was that of taking revenge against the terror of the Nazis. Each class of the population which participated in the movement pursued its own ends and strove to divert the results to its own benefit. The lack of arms, one of the chief factors inhibiting the mass character of the insurrection, enabled certain groups, like the "police of the protectorate" and officers of the former Czech army, the army of General Vlassof — all of whom had participated to a certain extent in the Fascist terror and were now seeking a way out by fighting on the side of the people — to play a role of first importance in the so-called insurrectional struggles. Into this movement the proletariat brought its most active elements and the recollections of its revolutionary tradition (creation of isolated Soviets, etc.). But it entered into it without any organized preparation (this explains the almost total absence of arms, which were seized only in the course of the struggle) and with an extremely low degree of consciousness, after two decades of retreat, confusion, and demoralization. The only possible result was that the Stalinist party succeeded in gathering all the fruits of the insurrection. As for the Russian army, whose prestige had not ceased to grow during the preceding months, it arrived in Prague twelve hours after the final capitulation of the Nazis in the Capital. In spite of this, and in spite of the utterly un-socialist behavior of the Russian soldiers and officers who robbed, pillaged and ravished on every hand, the Czech Stalinists succeeded in spreading the legend of the "liberation of Prague by the Soviet armies," a legend which has become deeply fixed in the consciousness of all layers of society.

The First Year After Hitler's Fall

What was the situation after the insurrection? Big Business holdings had been mostly in the hands of foreign or Jewish capital, and Hitler had appropriated it for the benefit of the German trusts. A small number of the factories had been the property of Czech Capitalists, but these people had collaborated with Hitler and had been eliminated during the insurrection. There could not, consequently, be a question of a consolidated capitalist class. The banks and factories no longer had owners. This is the special situation which the "provisional government," was to face on its return to Prague some days after the "liberation".

The Prague insurrection had moreover left profound traces in the minds and hearts of the working class of Bohemia and Moravia. In a number of places, improvised workers' councils, "national" committees and workers' militias seized the local powers. The trade unions, "united" under Hitler, were taken over again by their former cadres. These had at first collaborated with the Nazis, and then, in order to redeem themselves, had built up

toward the end of 1944, together with some young workers and intellectuals, a trade union apparatus called the "Revolutionary Trade Union Movement" (R.O.H.) Because of this, the proletariat possessed for the first time in its history, a united trade union movement.

The working class actions aiming at the conquest of power were for the most part, needless to say, isolated from one another, naive and undisciplined. The lack of revolutionary leadership condemned them all without exception to complete failure. But it is remarkable that certain working class layers had retained the essence of their class consciousness and that there were several examples of fraternization between the German and Czech workers in the border regions where the two nationalities live together. At one place in a border region some Czech and German Communist militants even published a daily paper in both languages, called "The Red Flag."

The provisional government decided to tolerate only six parties and these came together in the "National Front of Czechs and Slovaks." There were four Czech parties (the C.P., the S.P., the National Socialist Party of Benes, and the Popular Christian Party representing the extreme right) as well as two Slovak parties (the C.P. and the Democratic People's Party, whose main cadres came from the former clerical-fascist party of Hlinka). Since then the political life of the country has in effect been concentrated in these parties, without any need to resort to police terror. To understand this phenomenon, as well as the existence of a fairly liberal political regime compared with that of other countries in the zone of Russian influence, it is necessary to take into consideration: on the one hand, the infinitely better conditions of life and on the other, a psychological factor of great importance—this relatively "small" Czech population's fear of nearby Germany. From this fear comes the desire for national unity and the pan-slavic sentiment which has penetrated deeply into all layers of the population. From this, the C.P. has known how to profit more than any other party, being both the fiercest defender of "national unity" and the recognized political representative of Russia.

The first measures adopted by the provisional government were the deportation of national minorities, the nationalizations, and the agrarian reforms. We shall return more in detail later to the nationalizations. As for the barbarous deportations of three million Germans, as well as a part of the Hungarians living in Czechoslovakia, it is necessary to recognize that this reactionary "solution" of the national question which has nothing in common with socialism nor with the most elementary "rights of man" as recognized even by bourgeois democracy, was accepted quasi-unanimously by the Czech population. This indicates clearly to what extent chauvinism had penetrated the ranks of the working class and what an immense task of counteracting this poison awaits the revolutionists of this country.

Nationalizations and Agrarian Reform

It is interesting to point out that the nationalizations were proposed by the Social Democrats and accepted a few days later by the C.P. and the provisional government. They constituted a necessary and inevitable measure since the majority of factories, mines and banks were without legal owners. The only bourgeois Czechs who were still present, the large landowners and the manufacturers employing less than one hundred and twenty workers, were completely exempt from nationalization. Because of this, practically no one was "expropriated." It must be added that certain isolated cases were resolved thanks to the use of criteria such as that of the "socially-minded owner" or the "good patriotic owners" in order to indicate how little it was a measure directed against the bourgeoisie as a class. Least affected by the nationalization were the middle bourgeoisie, which remained virtually intact; commercial capital, to the extent that it was not in the hands of the Germans or their collaborators; and real estate property.

The nationalizations were also accepted by the whole population. The proletariat remained completely disoriented and passively followed all the slogans and all the explanations of the Stalinists. It saw no other perspective than the one opened up to it through the official labor movement.

The nationalizations led to a bureaucratization of the economy unequalled in the history of the country. Already under Hitler the different "planning" boards had sprouted up like mushrooms after rain. After the "liberation," these organs were not only liquidated but became larger, more deeply entrenched, and more numerous. According to official estimates, Czechoslovakia today has 130,000 to 200,000 more public functionaries than in 1938, while its population has decreased 20 per cent following the deportation of the national minorities. The periodical *Včetnictví a Kontrola* (Accounting and Control), estimates that 48 per cent of the national income is swallowed up by public Administration. And in these figures there is no calculation at all of the enormous number of functionaries in the nationalized industry, an oversized parasitic organism whose small and medium functionaries must rest content with starvation wages while the big directors and the functionaries holding the highest positions receive the most affluent incomes in the country.

In agriculture, the deportation of the nationalist minorities combined with the agrarian reform, brought very negative results. The lands of the German peasants were distributed among the former political prisoners, the soldiers of the former Czechoslovak army of the emigration, the resistance fighters and practically all those who presented themselves to benefit from this measure. A number of class-conscious proletarians were corrupted in this way. The big landed estates were not transformed into collective property nor into farm-cooperatives, but divided up among a certain number of medium-sized enterprises.

As a social stratum, the Czech and Slovak agricultural proletariat was liquidated in this way and replaced by a broad stratum of middle peasant proprietors. The lands along the border villages were left uncultivated for strategic reasons and were transformed into heaths and marshes. Agriculture has been hit by an acute shortage of labor, and vain attempts to overcome it have been made by means of successive mobilizations of "volunteer work brigades" and by the utilization of German civilians and war prisoners. However, these palliatives bring results only on the huge estates. The mass of middle peasants continues to endure without assistance the enormously burdensome farm work, and the mechanization of agriculture progresses very slowly. The anticipated immigration of Roumanian and Bulgarian farm workers could not compensate for the loss of the highly skilled German labor force, for in Czechoslovakia agriculture is thoroughly mechanized and rationalized. Balkan agricultural workers are able to adapt themselves to it only with great difficulty. The only social significance of this immigration is the utilization of these backward elements as a means of pressure on the labor market and on the living standard of the industrial proletariat. They constitute, together with the mass of middle peasant proprietors, a solid front built up by the "People's Republic" in opposition to the urban proletariat.

All of these economic measures have been topped off by a monetary reform which, as in Belgium, was more radical and more effective than in any of the "liberated" countries. At the time of the Nazi collapse, the "protectorate" was swamped with German Reichsmarks, Slovak crowns and the crowns of the "protectorate." When the first contingents of consumers' products began to flow — especially the U.N.R.R.A. goods — this formidable accumulation of currency threatened to plunge the economy into galloping inflation. In order to ward off this catastrophe the provisional government decided to void all the old banknotes which had been in the banks as frozen accounts, to issue new notes — at not more than 500 crowns per capita — and to raise prices to a level equal to 300 per cent of 1938 prices. Wages were also raised to 300 per cent of the 1938 level, but as prices rose in a number of sectors well beyond the fixed levels, this stabilization of the crown actually meant a stabilization of the living standard of the workers far below that of 1938. Most favored by this measure were the merchants, the small and middle industrialists who still disposed of certain stocks of merchandise. The hardest hit were the small stockholders, all those living on savings and also the petty black market traders. The acute scarcity of money greatly restricted the black market, which never attained the same "scope" as during the occupation and had to confine itself to luxury goods filling the needs of the "new aristocracy," — motors, automobile tires, etc.

The Proletariat and the "New Aristocracy"

We have already enumerated above the chief factors

which favored Czechoslovakia as compared with other countries within the zone of Russian influence, and permitted this country to enjoy a much higher degree of economic stability than that of its neighbors. The country suffered less from actual military operations. Its population was greatly diminished by the transfer of Germans while its economic potential was swelled by Nazi investments in heavy industry. Under the Nazi occupation the economy had been tightly controlled by a highly rationalized planning apparatus, which was adopted by the new regime under its two year plan — a production plan which has nothing in common with the Russian five-year plans. All this explains why the Czech proletariat seemed to be spared the terrible experiences of famine, galloping inflation and the brutalization accompanying continuous increases of the working day from which the Polish, Roumanian, Hungarian and other workers have suffered so much.

However, it would be false to conclude from this that the Czech workers have been living an easy and comfortable life. According to an article in the periodical *Nove Hospodarstvi* (New Economy) it appears that the minimum amount for monthly subsistence, as calculated by the head office of the Federation of Trade Unions, rose to 2900 Czech crowns per month, a sum that does not allow for replacing household equipment, indispensable though that has become after eight years of complete scarcity. Estimating incomes of wage workers on the basis of several sources (social security, taxes, etc.), this periodical concluded that *two thirds* of the workers and salaried employees in Bohemia and Moravia receive *gross incomes* lower than the minimum requirement for subsistence. This refers particularly to workers in the textile, clothing, glass, ceramics, paper, stone, wood and food industries in the mills, and in the two lowest categories of government employees. As for domestics, employees in the cosmetic industry, agricultural workers, gardeners, foresters, workers in the confection industry, they have an average income of 1700 Czech crowns, that is, *less than 60 per cent of the living wage*.

Quite another thing is the situation of the big bureaucrats in industry and the government, currently called "the new aristocracy." There is a huge gap between the minimum basic wage paid an unskilled laborer and the maximum salary of the highest functionary in nationalized industry. The latter easily exceeds the former by 10, 15, even 20 times. It is not rare to find factory managers earning 40,000 crowns per month (almost twenty-four times more than the lowest paid workers earn!), besides having free use of a villa, a car with chauffeur, etc.

The burden of these unproductive expenses on the national economy is enormous. The periodical "Accounting and Control," which we have quoted above submits the state budget to a detailed analysis in order to arrive at an approximate estimate of the cost of the bureaucracy. In reference to the government administration itself — that is, the various ministries exclusive of the administra-

tive apparatus of the nationalized industry — expenses were not less than 780 million crowns for travel and 180 million for maintenance of automobiles (excluding trucks.) What this figure represents is made clear by the fact that with the travelling expenses alone of these gentlemen bureaucrats, no less than 300,000 families could make up the difference between their starvation incomes and minimum living wages.

It is not surprising that under these conditions, the workers and all those who can barely make ends meet are gripped with great discontent in the face of the fabulous incomes of the "new nobility." The newspapers constantly denounce the undermining "rumor mongers" who spread "fantastic figures" about the salaries of a factory manager or a plant board chairman. The functionaries of the plants in turn look with envy upon the functionaries of the big central institutions who receive the highest salaries of all. The general tendency is to get out of the so-called productive sector in order to "make a place" for oneself where material advantages of various sorts implement wages as such, and where real income is well above the average even of the skilled worker. This tendency is manifested so generally and there have been so many scandals over it, so many thefts and embezzlements by high functionaries, that the Communist Party itself, which has always tried to appear as the No. 1 protector of the "new aristocracy," was obliged to initiate the idea of a "necessary purge in the economic apparatus." The only aim of this purge, needless to say, was to be the replacement of functionaries belonging to other parties by members of the Communist Party.

The Role of the Trade Unions

The main instrument of Stalinist power, besides the key positions it holds in the government, is the complete domination which it exercises over the Czechoslovakian trade unions, the "Revolutionary Trade Union Federation." This body alone numbers almost 2 million members, from the manual workers on up to the director of the enterprise. The Federation draws up the list of candidates for the elections to the factory committees. It also supervises production in the factories and functions as the motive force in increasing production. Because all the managing personnel in a plant is organized in the same union local as the workers, the local serves the director as an excellent means to influence the moods of the workers, to isolate "agitators" and "trouble makers," and to see to it that everything is run according to his arbitrary desires.

The election of the factory committees was, in the course of the year just ended, one of the most disputed questions in the country. Immediately after the "liberation," the committees which were in general installed by acclamation, were composed of the most active working class elements, although for the most part completely devoted politically to the C. P. Later one of the most undemocratic systems of elections was introduced. It permitted only one list of candidates, that of the trade union local in the given

factory. In general, the political parties in the factory reached an agreement before making up the list along the lines of a proportional division of the posts. It is interesting to note, however, that during the factory committee elections of the Spring of 1947, the single lists did not receive the required two-thirds vote in nearly 50 percent of the plants on the first ballot. On the second ballot the union locals in the plants presented other lists, which still did not receive the necessary quorum in a number of the most important factories in the country. The Trade Union Federation then bureaucratically appointed the factory committee, as the completely undemocratic electoral law permitted it to do.

It would be wrong, however, to deduce from this event the existence of a widespread working class opposition to the regime. These elections should be considered rather as an episode in the struggle between the four large parties in the country. In fact, immediately after the elections, each party presented its own proposal for changing the factory elections law. The C. P. demanded that the single list be declared elected if it receives 51 percent of the votes. The other parties asked for balloting on multiple party lists, with each one of the parties presenting its own list of candidates. Only the left wing Socialists tried to obtain a truly democratic reform. They demanded that the workers be permitted to also put up independent candidates, based on petitions bearing a required number of signatures among the wage earners of the factory.

Besides being the object of political greed and the most effective instrument for regimenting the proletariat, the bureaucratized factory committees have become the centers of large scale graft. The members of the committee are exempt from all manual labor, they receive high wages in the form of "payment for extra hours," and they have "special" sources of income through the arbitrary manipulation of the funds of the factory canteen, etc. Their sole activity consists in making a drive for increased production. Anything resembling the old class struggle is denounced as "reactionary" by the factory committees, the trade union locals, and the Federation's leadership. As a result the proletariat, deprived of any other perspective, finds itself hemmed in solidly and passively follows the directives of its bureaucratic leadership. It should be understood, moreover, that the trade union bureaucracy constitutes a caste in itself, which often disavows the bureaucracies of the different parties. In spite of the fact that representatives of the parties form a part of the leadership of the Trade Union Federation, it possesses a greater cohesion than that of the parties themselves. Especially, where it concerns the defense of the special interests of the trade union bureaucracy.

Russian Penetration Into Czechoslovakia

At the time the Russian troops arrived in Prague, they were welcomed most enthusiastically. The tanks were garlanded with flowers, the last reserves of the population's

food were distributed to the soldiers, etc. The red flags, the Soviet stars, and the whole atmosphere surrounding the Russian army evoked in the proletariat reminiscences of the revolutionary past and hopes for a similar future. It is an indication of the terrible suffering of the masses under the German occupation, that the reactionary behavior of the Russian armed forces aroused only faint echoes and is, so to speak, forgotten today.

The Soviet bureaucracy did not bring with it the G.P.U. as the German occupation brought the Gestapo. The rumors about this circulating abroad are certainly erroneous as far as Czechoslovakia is concerned. Cases of large-scale intervention by the G.P.U. in the political life of the country are unknown to us, with the exception of the liquidation of almost all the elements of the army of General Vlasoff, who fought on the side of the Nazis. Otherwise, the G.P.U. has kept in the background, and until now no opposition element has been either arrested or killed up to the present. But the influence of the G.P.U. makes itself felt indirectly. The fear it evokes hampered the organization of the revolutionary forces in the first days following the downfall of Hitler — at a time when there were greater possibilities than there are today. Its invisible presence still calls forth a reflex of passivity and silent submission among most of the potential opposition elements.

The Soviet bureaucracy has dismantled a number of factories in Czechoslovakia also. These factories were declared "war booty," and their equipment was sent to Russia. The exploitation of the Uranium in the Joachimsthal Valley was declared a Soviet monopoly because of its very great importance in view of atomic research. The Russian-Czech trade pact establishes the principle of the "preferential partner." That is, Czechoslovakia is obliged to offer its goods to Russia first and the latter often re-exports them to "strong currency" countries, while in best cases Czechoslovakia itself receives nothing but ruble credits. In spite of all these manipulations, Russia ranks only *eighth* among the customers of Czechoslovakia. For the year 1946, Czechoslovakia's favorable trade balance [with Russia] was 70 million crowns. It is still not paid. Moreover, it is noteworthy that the products delivered by Russia are rarely of Soviet origin. Most often, these are goods like Hungarian grain delivered to the U.S.S.R. as reparations, or German locomotives seized as "war booty," etc. Obviously the bureaucracy utilizes pressure, even in this favored country within its zone of influence, to obtain economic advantages at the expense of the economy and the living standard of the laboring masses of the country.

Politically, the pressure naturally goes much further. A "hostile attitude toward the Soviet Union" was sufficient pretext for expelling Spanish emigre Socialists from Czechoslovakia. The unanimous acceptance by the Czechoslovakian government — including the Stalinist ministers — of the invitation to the Paris [Marshall Plan] Conference

during the past year was also interpreted as an "unfriendly act" by the Russian government. The fact that the Stalinists control the principal levers of the apparatus of repression and propaganda, the fact also that the bourgeoisie understands clearly that it continues to exist as a class, thanks

only to the tolerance of the Kremlin — all this explains why Russian pressure has not until now met with any major obstacle. Future events will show if the pressure of the Soviet bureaucracy will reach a point at which desperate resistance by the bourgeoisie will become inevitable.

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Last July we were compelled because of steeply rising publication costs to retrench and were able to appear only as a bi-monthly. The generous help of our readers and friends has now made possible a return to monthly publication. We take this opportunity to heartily thank them.



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