

The New _____
INTERNATIONAL

**SOCIALIST POLICY
AND THE WAR—II**

By Max Shachtman

**THE PERMANENT WAR
ECONOMY—IV**

By T. N. Vance

TWO ISL RESOLUTIONS:

*Social Forces and
Politics in the U.S.*

*The Jewish Question
and Israel*

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July-August 1951

MEMO

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Note:

Production difficulties occasioned by the summer vacation period compel us to issue a slightly smaller issue—56 pages instead of 64. Two reviews were omitted, "A Philosophy of Labor," reviewed by Ben Hall, and the "Memoirs of Victor Serge," reviewed by Henry Judd. They will appear in the next issue.—Ed.

The series by T. N. Vance "The Permanent War Economy," has been received by our readers with what can only be described as mixed feelings. We regret to say that a serious and even somewhat technical discussion of economic trends has become such a rarity in current Marxist writing that some people show signs of having got out of the habit of concentrated reading of this kind.

For our part, we are happy to be in a position to present this analysis to our readers. We hope that it will stimulate discussion, and that some of this will spill over into written comments for the magazine.

Similarly, the issues revolving around the problem of workers' control in industry which were raised in the last issue are viewed by us as a beginning of exploration and discussion in one of the most vital areas of Marxist theory for our time.

In past "MEMO" columns we have reprinted parts of letters received from readers all over the world. These almost unanimously testify to the very real need which the NI fills for the Marxists abroad.

We want to state quite frankly, however, that the domestic response, as judged by the rate of increase in subscriptions, falls far below what we think is the reasonable circulation for the NI in this country. We are fully aware of all the factors which operate against the massive spread of subscriptions for our kind of magazine. Yet we are confident that if the present readers made it their business to interest their friends and acquaintances in subscriptions, the circulation could be doubled and trebled with great ease.

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THE NEW INTERNATIONAL

An Organ of Revolutionary Marxism

Vol. XVII, No. 4

JULY-AUGUST

Whole No. 149

Socialist Policy and the War

A Discussion of Position on the Third World War—Part II

(CONCLUDED FROM LAST ISSUE)

THE POWERS that will dominate and direct the Third World War are those that are dominating the preparations for it, the United States and Russia. Their relations make the conflict irrepressible. The conflict is imperialistic on both sides, and that is what determines the predominant character of the war they will be (and in a sense are already) waging.

How can the United States be called an imperialist power? Does it possess colonies or seek to acquire them? Does it not freely give other countries of its wealth instead of exacting theirs for itself? These questions are asked by many, some innocent and some not so innocent. The fact that American imperialism assumes a form different from that of other imperialist powers, even a unique form, blinds many to the substance, but the substance is not changed because of that.

American imperialism is of a type specific to the concrete conditions under which U. S. capitalism rose to power at a given stage of development of world capitalism. The United States does not have and has never had a colonial empire in the sense of the old colonial empires of Britain, France, Holland, Spain, Portugal, Belgium, Germany and Russia. Its colonial possessions were never nu-

merous; they were isolated or incidental cases and not decisive in its economic development.

As a great power, United States came upon the scene long after the colonial world had been divided among the powers of Europe. But it became a great power as a result primarily of an extraordinary development of its internal resources and economic organization taking place under the most favorable—indeed, all but ideal—circumstances for capitalist accumulation. These were virtually unhampered expansion over the vastness of the West; comparatively speedy and easy liquidation of pre-capitalist economy represented by chattel slavery; stupendous domestic natural resources; political democracy; lavish and continuous supply of cheap labor power through unrestricted immigration; an insignificant landlord class; an insignificant parasitic bureaucracy; more than a century of freedom from bloodletting foreign wars of consequence; more than a century of freedom from the burdens of conscription and a standing army; attraction of constructive capital investments from abroad under favorable—that is, non-colonial—conditions; etc., etc.

No other nation offers a parallel to this most exceptional development, which still forms the material basis for the ideology of the "American

way of life." The junction of these two conditions—its extraordinary domestic development and its isolation from colonial power—determines essentially the specific character of America's rôle and policy in international affairs. It is at once intensely and imperialistically aggressive and anti-colonialist; it is the one because it is the other.

THE VERY VASTNESS OF THE capital accumulation of the United States has forced it out of its borders and into all the corners of the world. Broadly speaking, American exports of capital and commodities have been able to compete with the rivals of the U. S. in world economy, all other things being equal. But all other things are not equal where rivals occupy the privileged and even monopolistic positions they confer upon themselves in the colonies they hold. To establish its own economic dominance over the backward (the colonial and semi-colonial) countries, the United States requires political equality there with its rivals. To achieve this equality, it has generally followed a specific "anti-colonial" policy of its own. What this policy has meant concretely, in the different forms it has taken on at different times and in different places, should be familiar to all.

Latin America was closed to the colonial expansion of all other countries by the unilateral decree of the United States, the Monroe Doctrine, not, by the way, on the basis of the more or less radical republicanism in which it was originally conceived but of the increasingly chauvinist and imperialist interpretation given it subsequently (we, North American, arrogate to ourselves a protectorate over the lands of Latin America, without their approval, but as God is our witness, for their own good). For China, long monopolized by the Eu-

ropean powers that divided it, the United States adopted its traditional position of the "Open Door" (that is, equality of right to exploit the country). Indian efforts to throw off British rule, Indonesian efforts to throw off Dutch rule, met with the open or covert sympathy of the United States. In a word, the general rule of American foreign policy in this respect, modified only when other considerations have had to be taken into account, has been: Independence for all countries now under the rule of our rivals for world power!

But why does not the United States seek simply to transfer outright possession of its rivals' colonies to itself, and thereby disclose the imperialistic trait of striving not merely for equality with rivals but for privileges and superiority over them. The true reason is not too obscure.

The closer two imperialist rivals come to equality of economic (and therefore military) strength, the more they are driven to take over each other's colonies outright and by force, in order thereby to achieve the desired objective—economic supremacy. Germany was moving toward economic equality with England early in the twentieth century. For Germany to attain equality and then supremacy, she had to take over the political positions which kept England at the top, namely, rule of the Empire's colonies. Independence for these colonies would have left both England and Germany in, roughly, an equal position. A politically-independent colony (or rather, ex-colony) could then maintain itself more or less, and extricate itself from many of its difficulties, by playing off one of the imperialist powers against its equally-situated rivals. So long as this could be done, the question of supremacy, as between the imperialists

in question, would remain undecided.

However, the greater the economic difference between powerful imperialism and an enfeebled imperialism, the easier and cheaper it is for the former to attain its international objectives by means of independence for the colonies of the latter. Once the special political privileges enjoyed in the colonial possession by the weak or declining imperialism are removed by independence, the economic superiority of its rival immediately asserts itself in the colony-of-yesterday which, being still dependent upon economic aid or collaboration from abroad, tends to come under the influence of the new imperialist power. For example, declining British imperialism was not noted for its friendliness toward independence for India; rising American imperialism however, was not noted for its hostility toward Indian independence. The calculation was not a complicated one, from the U. S. standpoint: given equal terms on Indian soil, it could easily outstrip its British competitor in the field of supplying India's need for capital and for commodity imports and exports, and thereby gradually bring the newly-independent country under its own political influence or dominion.

AS IT STANDS, this analysis, which we consider A B C for any objective political observer, nevertheless suffers from an abstractness and one-sidedness which can be grossly misleading. It assumes, so to speak, a "chemically pure" situation, unaffected by other forces and considerations. It is abstracted from the political situation in the colonies themselves, and from the desperate worldwide conflict of the forces of capitalism, of Stalinism, and of the working class.

One of the profoundest changes in the world since the First World War

began in 1914, has been the appearance of national and anti-imperialist mass movements throughout the former colonial world—in Latin America, in Africa and above all in Asia. The degree to which people raised in modern imperialist countries have purged themselves of chauvinistic and imperialistic poisons which their ruling classes instill in them every day, can be measured with almost mathematical exactness by the degree to which they show full respect for these movements, for their authentic aspirations, for their unalienable rights. In other words, the democratic (to say nothing of the socialist) professions of any American, or Englishman, or Frenchman, or Hollander—or Russian!—can be judged perfectly by the extent to which he acknowledges and defends the democratic claims of the peoples of the colonial world of yesterday and today. The imperialist is clearly marked out by his hostility to these democratic national movements of the backward countries, by his indifference toward them, or even by his counsel that they subordinate their aspirations to the "needs" of his own country. In so far as they are genuine popular movements, all of them have this in common: they seek national sovereignty and independence not only from the foreign ruler of yesterday and today, but from all foreign rule that may be imposed upon them, whether that rule appears in a political or in an economic form. Hence their attitude which, in the eyes of "friendly" imperialist countries (like the U. S. A.!), appears to be "prickly," "over-sensitive," "over-suspicious," "super-nationalistic," "consciousness of inferiority," etc. etc.

To this should be added the fact that not a single one of yesterday's colonial countries that has formally solved the national question by attain-

ing political independence (we refer particularly to countries like India and Indonesia) has achieved social stability at home. On the contrary, the class struggle at home has tended to sharpen. This only serves to render more difficult any peaceful economic infiltration of the land by American capital. It requires the social calm that can insure returns on its investment; it meets, instead, the active suspicion and antagonism of politically mobilized millions. The United States is the country, preëminently, of the overproduction of capital, that absolute guarantor of economic crises under capitalism. It can be employed in one of two ways: in the permanent war economy, which is an exceedingly dangerous form of existence for capitalism; or in profitable investment abroad, which is the "normal" way for an expanding imperialism. The latter, however, demands "order" in the world, above all in the backward, that is, the economically still undeveloped countries of the world. No "order" is possible in these countries where conditions are, as the American press always points out, so "turbulent" and "chaotic," until the democratic national movements and the democratic social movements have been suppressed, or at least firmly curbed. It is therefore not accidental but an inexorable outcome of American imperialist policy that the only sure allies it finds in Asia (to the extent that it can have sure allies anywhere!) are representatives of reaction who are despised by their own people: Chiang Kai-shek, Syngman Rhee, Bao Dai and their like. On whom else can it count for the realization of its objectives? The people of Asia? In that respect, too, it is no accident that American imperialism cannot find a single popular movement in the colonies or semi-colonies of yester-

day and today that proclaims itself the ally or even the friend of Washington.

These movements, which most truly represent the more than half the world's population that lives on the Asiatic continent, understand the politics of American imperialism; at any rate, they understand them better than ninety-five per cent of the professed liberals in this country. If they never heard the formula that war is the continuation of politics by violent means, they nevertheless grasp its validity. Support of American imperialism in the coming war means to them what it means in reality: support of exploitive economic infiltration of their countries and the frustration of the national dignity and social progress to which they aspire.

* * *

FAR OVERSHADOWING all other obstacles to the realization of the American imperialist objective—nothing less than domination of the world—stand the forces of Stalinism.

Without hesitation or ambiguity, we can say that the only greater disaster that humanity could suffer than the war itself, which would be disaster enough if it broke out, would be the victory of Stalinism as the outcome of the war.

The source of all the confusion and disorientation that exists in the working-class movement and in its socialist vanguard in particular, lies in a one-sided appraisal of Stalinism, and in the emphasis placed upon that side of it which is at once most misleading and least important to the working class. That side is represented by the anti-capitalist and anti-imperialist nature of Stalinism. The French Communist worker, the official left-winger in the British Labor Party, the "official" Trotskyist leader—each in his own way sees only this side of

Stalinism or, at the least, sees this side as the decisively important one. There is some excuse in the case of the Frenchman, little excuse in the case of the Briton, and no excuse in the case of the Trotskyist.

It is perfectly true that it is in the nature of Stalinism to be anti-capitalist, and not just episodically but fundamentally. This determines the irreconcilable and irrepressible class antagonism between the Stalinist parties and the Stalinist world and the capitalist classes and states, and their inability to live together peaceably. The capitalist class the world over, with living experience stimulating its class instinct, has finally learned this. The Fourth International, ignoring living experiences and trusting only to its theory, has yet to learn it. (This does not prove the superiority of instinct over theory, to be sure, but only the superiority of good class instinct over very bad theory.) Stalinism expropriates the capitalist class and destroys it and its social system wherever it has the physico-political power to do so; and its efforts will continue to be bent in that direction so long as it exists. If this, and this alone, were the goal of Stalinism, it would unquestionably merit the support of the working class and socialist movements. But it is not and in the very nature of things it cannot be, any more than it can be or is the goal of the socialist movement itself. For the latter, opposition to capitalist exploitation and its final abolition are justified only as the means necessary for the establishment of a classless socialist society. For Stalinism, however, the abolition of capitalist rule is nothing more than the means required by the new exploitive bureaucracy to take over all state power, and therewith all economic power, in order to subject the working classes (proletariat

and peasantry) to the most barbarous, totalitarian exploitation they have known in centuries.

In this sense, the statement often made, by us as well, that Stalinism is hostile both to the capitalist class and the working class, is true but really inadequate. The principal and continuing objective of Stalinism is the complete monopolization and domination of all the productive forces in the hands of the totalitarian bureaucracy, this means the complete enslavement of the working class which is the main productive force in society. It is this which, from the standpoint of the interests of the working class and its socialist advancement, constitutes the most important side of Stalinism, its basic social and historical character. Its opposition to capitalism is not and never was anything but the means of realizing itself. To support Stalinism in general or contribute to its victory in the war because of its anti-capitalist nature, is not very much different from supporting a barbarian army that assaults and destroys a prison in order to capture occupants and reduce them to slavery.

It is likewise perfectly true that it is in the nature of Stalinism to be anti-imperialist. But that holds only in a strictly limited sense: Stalinism is opposed to *capitalist-imperialism*. From the teachings of Marx down to the teachings of Lenin, we know—or we should know—that just as the socialist cannot support every opposition to capitalism, regardless of its nature, so he cannot support every opposition to imperialism, regardless of its nature. Neither capitalism nor imperialism is an abstraction, or an evil surpassing all other imaginable evils. Stalinism endeavors to oust the capitalist powers from their imperial positions only in order to take over these

positions itself. The imperialism of the bureaucratic-collectivist states is different from that of the capitalist states. But the economic motive forces behind the one are no less powerful than in the case of the other. Only ignoramuses—people who know nothing about history and nothing about Lenin's theory of imperialism—can conceive of imperialism as a phenomenon unique to capitalist society.

The social relations on which Stalinist society rests are such as to place upon it the stamp of reaction and not of progress. The *potential* for social progress contained in the centralization of the means of production and planned production and distribution, is unquestionably discernible in the Stalinist economy, but only the potential. The actual social relations under Stalinism, however, inevitably result in a destruction of productive forces, a wastage of productive forces, a strangulating parasitism which exceed anything we have ever known in history. To maintain its parasitic domination under such conditions, the ruling class is driven to replenish and increase its economic sources by the most intensive exploitation of its own working classes and by the conquest of new resources of raw materials, goods, machinery, money, and labor power beyond its frontiers. The apologists for Stalinism who claim that the "expansion" of Russia is essentially "defensive" in character, are, literally speaking, right. To defend its rule in Russia, that is, to preserve itself in power, the Stalinist bureaucracy is driven to imperial conquest, enslavement, and exploitation of other lands. The bureaucracy supplements the slave classes over which it rules at home with slave nations it rules from abroad under the same totalitarian oppression. The "anti-imperialism" of the Stalinist bureau-

cracy amounts to this, to nothing more—and to nothing less.

The wars it fights as a continuation of its politics are reactionary imperialist wars, conducted to maintain its rule over the countries it has already subjugated and extend it to all others it is able to seize. Wherever Stalinism triumphs, there is an end not only to the working-class movement, to the socialist movement, to any and all democratic movements and institutions and rights, but also to national independence. We repeat: no greater disaster can be expected in connection with the Third World War than the victory of Stalinism. The interests of the working class and of socialism are not represented by the slogan of "unconditional defense of the Soviet Union" in war, or by any slogan calling for peaceful and friendly co-existence with Stalinist barbarism, but only by the call for uncompromising struggle against Stalinism to the bitter end. Until it has been utterly destroyed as a political force, the victory of the working class is impossible. A less categorical statement would be an untrue one.

DOES IT FOLLOW THAT IF, DESPITE everything, the Third World War breaks out, it is necessary and proper to support American imperialism in its conflict with Stalinist imperialism? If the United States were to win the war, in all likelihood it would not mean the automatic and immediate establishment of totalitarian rule that would result directly from a victory of Stalinism. It is far from certain but it is quite probable that an American victory would leave at least some degree of democracy under which the working class and socialist movements could continue to develop with greater or lesser freedom. Does it not then follow that support of American im-

perialism in the war, while an evil in itself, would be the lesser of the two evils between which we are compelled to choose?

In the United States, at any rate, these questions have already been answered affirmatively by the overwhelming majority of the people, the working-class movement included. This does not yet settle the question for us. Let us see what answer the socialist movement should give.

Just as socialists cannot support every opposition to capitalism or imperialism, so they cannot support every opposition to Stalinism. The nature of American imperialism's opposition to Stalinism must be examined for an understanding of the politics of which the war would be the violent continuation.

The Third World War will differ radically from the First and even the Second in that the two main belligerents find in one another not only imperialist rivals but class enemies representing antagonistic social systems. The war will be fought by them to decide not only which country shall dominate the rest of the world but which social order shall prevail in the world, capitalism or bureaucratic collectivism.

The propaganda campaign conducted by the bourgeoisie and paraphrased by the official labor movement in favor of the "containment" or the "smashing" of Stalinism leaves one question unanswered. It is the most important question of all: How does it happen that Stalinism has become so powerful a force, so imminent and dangerous a menace, that the most colossal efforts must be made by the rest of the world to combat it, that even the mighty United States, for all its vaunted superiority, finds itself speaking in terms of a "struggle for survival"? On this score, what is

heard and read from all the official quarters is so superficial, so trivial and even ludicrous as to make it worse than no answer at all. It is understandable: for them to give the rational political answer would be to condemn themselves irreparably.

STALINISM IS A POWERFUL SOCIAL force rooted and nurtured in the decay of capitalist society, which is incurable, and the decay of the labor movement, which, fortunately, is not at all incurable. We regard our own formula as adequate and, in any case, as unassailable: Where the capitalist class is no longer capable of solving the social crisis in a country on a capitalist basis, and where at the same time the working class fails to separate itself completely from the capitalist class in order to solve the crisis on a socialist basis—the new totalitarian bureaucracy develops into a power which destroys the old proprietary classes altogether, converts the proletariat into a slave class and solves the social crisis in its own way—in the anti-capitalist, anti-socialist way characteristic of bureaucratic collectivism.

If we confine ourselves to the decisive factor, leaving aside for the moment secondary factors which exert their influence upon the development, it should be possible to see that: Stalinism remains an unshaken force in countries like France and Italy because the bourgeoisie is incapable of taking serious steps to overcome the social crisis on a capitalist basis and the non-Stalinist labor movement (the Socialist Party and the reformist unions in France, for example) remain appendages or allies of the bourgeoisie; whereas Stalinism is an insignificant force in a country like England because, even though the bourgeoisie could not solve the social crisis in its way, the official labor movement

has taken serious, if hesitant and inadequate, measures to solve it in an anti-capitalist way. With all the necessary changes, the same explanation can be made for the difference between the situation in India and the situation in China, or even in comparing the situations in Indonesia and Indo-China.

Those who seek to enlist the support of the people, above all outside the United States, for capitalism, only help drive them into the arms of a Stalinism which appears to the masses as the only effective leader in the struggle against capitalism and capitalist imperialism. It seems impossible for an American chauvinist and champion of capitalism to grasp the fact that in virtually every other important country of the world and in most of the less important countries, the great mass of the people have lost their confidence in the capitalist social order or, as is particularly the case in the economically backward countries, have acquired a bitter and active hostility toward capitalist imperialism. Representing the majority of the world's population, these masses refuse to fight enthusiastically or even willingly for capitalism or imperialism. The supreme incarnation of capitalism to them is the United States. They are right. Without the United States, the life of capitalism in the rest of the world would be measured by weeks.

Now, to the extent that the American struggle against Stalinism is directed at a rival imperialism, it is reactionary; it is recognized as such by the peoples of Europe and Asia (as well as Africa and Latin America). An American, no matter how sincere, must be heavily saturated with chauvinism to ask and expect the French worker, who does not even support his own bourgeoisie in its attempt to re-

store its imperialist power in Indo-China, to support the American bourgeoisie in a war which can only aim at establishing the supreme power of American imperialism over Asia; or to ask and expect the Indian, who does not allow his own government to send a single soldier to Korea, to support the American bourgeoisie in a far more general war all over Asia and the rest of the world. It is possible, we believe, to explain to the Indian people, if they do not already understand it, that Stalinism, especially in a world war, would threaten *their* national independence and freedom, too. It is likewise possible, we believe, to explain to them the importance of resisting this threat, if they do not already understand it. It will, however, be extraordinarily difficult, if not impossible, to convince them that they can carry on a fight for democracy if they are mobilized in the imperialist camp dominated and directed by the United States.

TO THE EXTENT THAT THE AMERICAN struggle against Stalinism is directed at a class enemy, it is also reactionary; that too is recognized by most of the peoples in other countries. The war with Russia is regarded and spoken of by the American ruling class as a war against communism. From our standpoint, that is arch-stupidity, for there is nothing in common between communism and Stalinism. But from the standpoint of the bourgeoisie, it is not so stupid! From that standpoint, it makes little if any difference whether its class rule and privileged position in society are ended by a working-class socialist democracy or by Stalinist totalitarianism. The anti-“Communist” character of the American war, that is, the virtually open proclamation that the war is being fought to preserve capitalism from de-

struction, not only determines the character of the war it conducts and will conduct, but also the character of the alliances that the U. S. can make. It is impossible to win the masses of the other countries for support of a crusade “against Communism” and for the preservation of capitalism. These masses may not yet have finished off capitalism themselves, but they are finished with it. They will not fight for it, least of all for American capitalism. They do not doubt for a moment that the American workers enjoy exceptional economic privileges. To expect them to lay down their lives so that Americans in general and even the American workers may enjoy the special privileges which the European (to say nothing of the Asiatic and Latin-American and African) peoples cannot ever possibly enjoy under capitalism—that requires a chauvinistic blindness from which, alas, most Americans now suffer.

As if to guarantee an even deeper hostility toward American imperialism, the exceptionally idiotic and cynical statesmen of the United States (political intelligence is not an attribute of a doomed class without a future!) insists on explaining publicly that unless money is appropriated for Europe, Americans will have to do their fighting alone, without troops from other nations to fight for them, and that this country will be the bloody battlefield, not Europe. The enthusiasm created among the people of Europe for the rôle thus assigned to them is exactly zero. No wonder that, as in Asia so in Europe, the United States cannot count upon the support of a single popular democratic movement in any country. No wonder that to the extent that it has sure allies, the United States counts them among Franco (not the Spanish

republican or labor movements); the Vatican and the reactionary or conservative Catholic political machines of France, Italy, Germany and elsewhere (not even the Social-Democratic parties); Churchill and the Tories (not the British working class, not even Attlee); the antiquarian Krenskyite-Menshevik émigrés with their dreams of a new Russian empire (but not the revolutionary Ukrainian nationalist movement).

Because the war, on the American side, will represent a continuation of these politics and an attempt to impose their realization by force, it is impossible for a socialist to support American capitalism in the war (or, for the reasons already set forth, to support Stalinism).

IT IS ARGUED THAT SOCIALISTS AND the working class should support the United States in the war in spite of the fact that it is capitalist and imperialist, because the consequences of its victory would be a lesser evil than those of a Stalinist victory. It is argued, as it were, that it is not so much a matter of guaranteeing a victory to American capitalism, as of preventing its defeat by a victory of Stalinism. The argument is specious.

What is the meaning of this demand made upon us that we support the United States in the coming war? Does it mean that we agree to serve in the armed forces when called by the state, to obey its commands while in the armed forces? We are socialists and Marxists. We are not pacifists or conscientious objectors, for all the respect we have for those who are. When drafted, we serve, along with the rest of the population. So long as we remain in the minority among the population, and even in the working class, we are obliged to abide by the

decisions, in war-time or in peace-time, of the majority. We fight alongside the fighters and work alongside the workers, under the social conditions imposed upon or accepted by both. But precisely as a minority, we socialists insist upon the right to our own opinions, our own program, and to the democratic expression of our views.

Actually, the demand is not for our "physical" military support, which we have no alternative but to give. Actually, it is our political support that is demanded. It is our opinions we are asked to abandon, our program of working-class independence. That, a socialist cannot do. By support of the war, the chauvinists want the socialists and the working class to give the ruling class and its government *political confidence*, to support their *policies*, to *take responsibility* for them in the eyes of the people at home and the peoples abroad. Without it, they argue, innocently or with malicious demagogy, we are not helping to defend the common interests of the nation and are playing into the hands of the enemy who threatens our independence, our "way of life."

The labor movement in this country is today a minority, politically. The socialists are a much tinier minority. We have our responsibilities; the ruling class has its responsibilities. The two are not the same, and the labor movement commits a grave and tragic mistake to renounce its responsibilities in order to take on those which are not and cannot be its own, even though the demand is made in the name of that defense of the nation to which we are not and cannot be indifferent. On this score, the view which socialists should commend to the labor movement, was admirably summed up by Leon Trotsky at the

very beginning of the First World War:

Neither the nation nor the state can escape the obligation of defense. But when we refuse the rulers our confidence we by no means rob the bourgeois state of its weapons or its means of defense or even of attack—as long as we are not strong enough to wrest its power from its hands. In war as in peace, we are a party of opposition, not a party of power. In that way we can also most surely serve that part of our task which war outlines so sharply, the work of national independence. The Social Democracy cannot let the fate of any nation, whether its own or another nation, depend upon military successes. In throwing upon the capitalist state the responsibility for the method by which it protects its independence, that is, the violation of the independence of other states, the Social Democracy lays the cornerstone of true national independence in the consciousness of the masses of all nations. By preserving and developing the international solidarity of the workers, we secure the independence of the nation—and make it independent of the calibre of cannons.

The bourgeoisie is at the head of the nation. It is genuinely concerned with defense of the nation. But it conceives of it in the only way it can: as identical with the defense of capitalist property and imperialist power. That determines the policies it follows in preparing the war and it will follow in the course of the war. We have no responsibility and will assume none for these policies. For us, they determine the reactionary character of the war and our refusal to give it or its directors our political support.

The working class, too, is concerned with the defense of the nation. Unlike the bourgeoisie, it does not identify this primarily with the defense of capitalist property and imperialist power. Its patriotism is of a fundamentally different type, no matter how heavily overlaid it may be with bourgeois ideology. It identifies national defense essentially with its own

class interests: with the preservation of its organizations, its relatively high standard of living, its hard-won democratic rights, as well as the right to rule as a free and independent nation. One of the outstanding differences between the coming war and the First World War is that all the things that the working class identifies with national defense *are* actually threatened by Stalinism. The triumph of Stalinist arms would completely change the social and political régime in the United States, a fact which we can state with as much firmness as Lenin insisted upon the opposite with respect to the main belligerents of the war of 1914. We socialists are as one with the working class in wishing to resist this threat and overcome it. We differ with the working class, as it is now, in that we cannot and will not support the American capitalist side in the war which itself aims at violating the rights and integrity of other people.

SOCIALIST POLICY IN THE COMING war, then, does not put forward any such slogans as "revolutionary defeatism" or "transform the imperialist war into a civil war." It is necessary, we believe, to avoid any position which may convey the semblance of the idea that in carrying on the class struggle, that is, in fighting for the independence of the working class and for its economic and political positions, the military and therefore the political outcome of the war is a matter of indifference to us. We aim to replace the capitalist régime of the United States only with a working-class government. We aim to carry out our work, especially in wartime, in such a way as contributes to the advancement and victory of the working class, but not of Stalinism—of the Stalinists at home or the Stalinist armies without. To maintain political opposition to the

war is correct. To continue to prosecute the class struggle is correct. But to prosecute the class struggle in such a way that it would clearly "imperil the military position of the government, even to the point where it may be defeated by the enemy and lose the war"—that, in the conditions of the Third World War, would be disastrous to the working class and to socialism.

Instead, socialist policy must be based upon the idea of *transforming the imperialist war into a democratic war*, that is, adopting broadly the view put forward by Lenin in 1917, with all the changes required by the differences between the situation then and now, and working for its adoption by the labor movement as a whole. That means calling upon the labor movement to champion a series of economic and political measures which would, on the one hand, "greatly enhance the military might of the country," and which, on the other hand, could not "be put into effect without transforming the war from a war of conquest into a just war, from a war waged by the capitalists in the interests of the capitalists into a war waged by the proletariat in the interests of all the toilers and exploited."

These measures would generally be of a type which, to use Lenin's excellent phrase, "will *not yet* be socialism, but . . . will *no longer* be capitalism." They would provide for a radical democratization of economic and political life, above all the most thoroughgoing and extensive popular controls over production, distribution of commodities, rents, prices and profits, complete abolition of all discriminatory and segregational acts and practices against racial, national and other minorities, above all the Negro minority, a democratic steeply-graduated in-

come tax and a capital levy. Without proposing anything as utopian or irresponsible as complete disarmament, the measures would provide for an extension of social services, housing construction, cheap medical services for all, *etc.* Other measures of a similar type will suggest themselves.

MOST IMPORTANT OF ALL PERHAPS are the foreign policy measures. They would start with a breaking of all alliances and commitments with the extreme reactionary forces now proped up by American imperialism and the proclamation of the American intention to abide rigidly by the democratic principle of the right of self-determination of all nations and peoples, to be accompanied by all the political actions required to implement the proclamation. They would be followed by the adoption of a program of economic aid for the upbuilding and modernization of backward countries which would not need to be more ambitious nor would it be more modest than the \$13 billion program proposed not long ago by President Reuther of the Auto Workers Union, with emphasis on the fact that no political strings whatever are attached to the program. The fact that fabulous billions are made available by the United States to peoples of other nations so that they may be armed for wars of destruction, while there is endless bickering over making available to them a miserable dole to save them from starvation (in the case of India's famine) and while the Point Four program remains so trivial as to be devoid of positive political importance, is not lost upon the peoples of the countries which the United States seeks to enlist on its side.

The less demoralized sections of the American bourgeoisie nowadays place anxious emphasis on the indispensa-

bility of winning and keeping allies in other countries if the United States is to win the "war of survival." They are more right than they think. Only, so long as the United States continues under the leadership of the imperialist bourgeoisie, it cannot and will not win significant allies among the masses of the people abroad. It will win Franco, Adenauer, Churchill, De Gasperi, Chiang, and the Vatican—but not the masses of the people. Them they will succeed only in driving into active or passive support of Stalinism, as they have already done to such a great extent.

But with the living demonstration of a radical change in the character of the United States as would be afforded by the carrying out of such measures as have been outlined here, there cannot be any doubt about the tremendous political change that would be produced among the peoples all over the world, the people in the Stalinist countries included. The present régime in the United States or any other capitalist régime can never win the confidence and support of these peoples. A workers' government, no matter how modest its aims would be at the beginning, no matter how far removed from a consistently socialist objective, could carry out the measures we have indicated and, virtually overnight, alter the attitude and political conduct of tens of millions everywhere. It could mobilize such an international force—the force to which we refer as the Third Camp—as could be counted upon either to postpone the outbreak of the Third World War or, if it is precipitated by a desperate Stalinism, to bring it to a speedy, democratic and progressive termination.

This is our war program for the period of peace which is left us. It re-

mains our war program even after the war has broken out. We count, as we must, upon the working class. To it falls the leadership in performing the great and difficult but most important of all tasks of our day: to transform

the unjust, reactionary, imperialist war into a just, democratic war of emancipation—and that war into a durable democratic peace of the peoples everywhere.

MAX SHACHTMAN

Social Forces, Politics in the U. S.

Resolution Adopted by the Independent Socialist League

All the important social and political problems facing the classes in the United States will be determined for the entire next period by the development of the war economy.

The war economy is here to stay, in the United States above all countries. This is due to the unique position the United States occupies in the world today. Russia, while also forced by her regime to maintain a permanent war economy, is nevertheless able to supplement her military strength, and thereby compensate for its comparative inadequacy, by powerful political instruments in the form of popular mass movements organized everywhere and led by Stalinist parties and devoted to her defense. The United States has no such popular movements at its disposal in any other country, nor even governments so completely in its service as Russia has in her satellite governments; and in the conflict between the two big imperialist camps, it must therefore depend, more than any other regime, upon overwhelming military force and that force alone. Other capitalist countries, while incapable of playing the decisive international role of the United States or Russia, are capable of using their political positions for the purpose of maneuvering, in their own interests, between the two big powers, and in some cases they are even forced to engage in such maneuvers.

The United States, however, is not in a political position to force the other capitalist countries into line with its policies by maneuvering, or threatening to maneuver, against them in alliance with Russia. The preservation of its international interests compels it to depend more and more upon alliances with these countries. It can offer them security from undermining by Stalinism at home or in their colonies and Stalinist conquest from without, and therewith win them as more or less willing allies in the world conflict, only by a display, again, of overwhelming military power. The purely economic assistance which the exceptional industrial and financial power of the U. S. has enabled it to provide the collapsing capitalist world, has not been and could not be an adequate substitute for the military power which the U. S. must force upon other countries and, in largest measure, must supply directly.

The third consideration that dictates the maintenance and extension of the war economy in the United States is the realization that has grown since the Second World War and is now a rooted conviction, not only that capitalism, in particular its only remaining vigorous representative, the United States, cannot live peacefully side by side by Stalinism, but that capitalism can defeat Stalinism on a

Russian, and therefore world scale, by military means, by war, and by no other means.

THE IMMENSITY OF THE TASK confronting American capitalism is only partly indicated by the immensity of the proposed national budget, the largest by far in the peacetime history of the country. For all the alarm felt over the budget by sections of the bourgeoisie, the ruling classes and their two political parties are fundamentally united on it. They see no alternative to it and offer none. Not even the most "isolationist" Congressional group, on one side, or the most "economy-minded" Congressional group, on the other, has proposed any modifications in the budget that would reduce the total figure to a substantial degree. Moreover, a 1951-52 budget of some seventy billion dollars affords only a preliminary glimpse of the war economy as it will and must develop. It is quite conceivable that in the period of preparations for the outbreak of the war, there may be stages of comparative lull in the intensity of the conflict between the two big war camps. But there is no ground for the belief that there will be any real relaxation of the armaments race for more than a fleeting moment, and even that is possible only under the most favorable and exceptional circumstances. American imperialism is and must be embarked upon a serious, extensive, long-range preparation for war. The national budgets will show this more and not less emphatically in the coming years.

This is necessarily so because the United States has the task of mobilizing and equipping the entire capitalist world for war with Russia. In this respect, the situation is radically different from the one obtaining before and during the Second World War.

In the period of the Second World War, the military forces of German imperialism could be held in check, at least to the point of preventing their decisive victory, by the armed forces of its enemies on the European continent, primarily by the already engaged British armies and by the mobilized and later actually engaged Russian armies. The United States did not require a big peacetime army. It could mobilize after the war began and even then not until after the Pearl Harbor event. Its economic might was sufficient to help hold the German armies at bay; its armed forces were needed only to inflict the decisive defeat upon Germany and Japan. For the Third World War, it is already clear that the armed forces at the disposal of Russia cannot even be slowed down, let alone defeated, except by a United States which is armed to the teeth in advance of the actual outbreak of military warfare; and not only that but by a United States which in addition has allies who are similarly armed and equipped. The rest of the capitalist world is, however, either reluctant or economically or politically incapable of achieving such armaments preparations by itself. The primary and main effort to arm, equip and defend the capitalist world, in order to defend itself, therewith falls upon the United States.

MERELY TO SUPPLEMENT the already fully developed war economy and armies of its allies in the Second World War required a tremendous economic effort on the part of the United States. The preparations for the Third World War require a much greater effort. Among its allies in the coming war, the United States today finds no large armies, in contrast to the huge armies of the British and the Russians with which it was allied

in the Second World War. Upon the war economy of the United States for the coming period, therefore, rests the problem of creating a vast U. S. armed force and, to a very large extent, also the problem of creating, expanding and maintaining a large army in Britain, France, Germany, Italy, Spain, Japan and a dozen smaller countries. Even this does not present the entire picture of the problem of American imperialism. Its allies in the Third World War are not at all as reliable politically, and therefore militarily, as were its allies in the Second World War. This fact is already recognized, with grave feelings of disturbance, by wide sections of the American bourgeoisie.

In the Second World War, the anti-German alliance was strongly buttressed and cemented by popular movements, especially in the countries occupied by Germany and Japan. In the present pre-war period, the anti-Stalinist alliance which the U. S. is seeking to unite is rendered precarious by the outright resistance of the people in the American-allied countries, or at least, their uncertainty or indifference. For this reason, American capitalism finds itself compelled to make its war plans in terms of a much larger contribution of military manpower to the armed forces of its alliance in the Third World War than in the Second World War. This great difference in proportion is already indicated by the alignment in the Korean war. In other words, all the signs point to a far greater American armed force in the Third World War than the twelve or more million mobilized in the Second World War. The American people are being called upon to pay the heaviest blood sacrifices in their history to keep capitalism alive and around their necks.

Finally, the United States entered the Second World War with vast reserves of unemployed manpower from which to draw for its military and war-production armies. With all the prospects that the Third World War will require a much larger production effort and a much larger armed force than before, the U. S. enters decisively into the war economy with very small manpower reserves. Although war production and the mobilization of an army have only begun, there is virtually no army of unemployed today to draw upon. In some branches of industry there is even a shortage of labor power. Since some of the women who were drawn into industry in the period of 1940-45 have remained in industry, that particular source of labor power is certainly no larger now than it was for the Second World War and very likely not even as large. Hence, the more men drawn off into the armed forces and the more extensive the schedules for war production, the more acute will become the problem of labor power.

This problem can be solved in three ways. One is by importing labor to the United States—from Europe and Latin America. At most, this means could take care of only the tiniest fraction of the problem. Another is by increased restriction upon the production of consumer goods, not so much for want of raw materials as for want of labor power. Still another is by increasing and intensifying the exploitation of the labor power that is available, both in the form of the longer workday and of speedup in the process of production. The last two are the only serious means at the disposal of the government—of the government, since it must of necessity become increasingly the organizer and director of the entire economy—for solving the interdependent problems of a large

armed force and a large war-labor force.

ALL THIS IMPLIES EVER DEEPER undercutting of the standard of living of the working class and a strengthening of the foundations of what the bourgeoisie itself calls the barracks state, and increased centralization of economic and political power in the hands of the capitalist government at the expense of the economic and political positions of the working class.

The permanent war economy in the United States means a persistent drive to lengthen the workday of the working class. It means persistent efforts to deprive the working class, either by legislation or by "mutual consent," of its right to strike in order to "guarantee uninterrupted production"—that is, production on terms fixed for workers who are deprived of their right and ability to affect them by open, organized, independent action of their own. It means permanent inflation whose effects fall primarily, mainly and increasingly upon the shoulders of the working class. The only means employed by the government to combat or control inflation produce consequences which differ in no important respects from the inflation itself. Inflation, to the working class, means that it can satisfy its consumer wants less and less, even if it has a nominally high income. The "anti-inflation" measures of the bourgeoisie boil down essentially to draining off or otherwise reducing the real income of the working class and reducing the amount of available consumer goods so as to concentrate more upon producing the means of destruction. In both cases, the standard of living of the working class is lowered, while monopolistic profits not only remain intact, as the last war showed, but reach fabulous new heights.

During the initial period of expansion of the war economy there may be brief periods of improvement in the standard of living of the working class due to full employment, overtime pay, and the vast inventories of durable consumer goods remaining from the pre-Korea production. But these momentary trends will not significantly modify the overwhelming tendency of the war economy to depress the living standard of the American worker.

THE PERMANENT WAR ECONOMY means ever greater control and direction of the working class, and therefore ever greater police power in the hands of the state to enforce this control and direction. This tendency, present in every modern war period, is enormously strengthened and accelerated in the preparation and conduct of atomic bomb warfare. The atomic bomb is an exceptionally barbarous abomination not only from the humanitarian standpoint. Its use introduces a radical change in the social consequences of warfare, which its promoters and apologists gladly gloss over. The closer we come to the outbreak of the atomic war, the greater will be the restlessness, fear and even panic of the population, particularly those sections inhabiting the large industrial centers which are presumed to be the more immediate and easiest targets. It must therefore be expected that, sooner or later, the government will take the most extraordinary and rigorous measures for forced residence of workers, in one set of cases, and for forced shifting of workers to other residences, in the other set of cases.

The immensity of the arbitrary police powers which the state will arrogate to itself in order to apply these measures, cannot be exaggerated and must exceed anything known in the

history of the country. To believe that these police powers will be employed with any other considerations than the prosecution of the war to the bitter end, which always means primarily at the expense of the social interests and positions of the working class, is a gross illusion. Atomic bomb warfare and the preparations for it mean an extension and speeding-up of the militarization of public and private life in this country on an unprecedented scale and to an unprecedented degree.

Coupled with this trend is another which is specific to the nature of the Third World War and of which all the preliminary signs are already visible. The rival of American imperialism has at its disposal in the United States a mass movement (more or less) which is connected with and seeks to base itself upon the working class, a condition unknown in the First or Second World Wars. It is inconceivable that the state will in the future, any more than it has in the past or is in the present, combat the Stalinists in this country by any other measures, in the main, than police measures. The police powers in the hands of the state for this purpose not only grow more and more arbitrary and extensive, but are applied, in the name of "national security" to all free-thinking, non-conformist, militant, radical, socialist and even liberal movements and individuals. There can be no question about the fact that, as the outbreak of war nears, let alone when the war is on, the red-baiting and witch-hunting drive of the ruling classes will be intensified, openly and cynically and under all sorts of hypocritical "patriotic" disguises.

From every significant angle, therefore, the threat of war and the war itself represents a danger to democracy and to the working class and so-

cialist movements which depend upon it and seek to realize it in full. The main task of these movements, in the United States and elsewhere, becomes the uncompromising struggle against the unfolding of the reactionary trends evoked and stimulated by the war, the defense of all democratic rights and of the economic and political positions of the workers, and the intransigent upholding of the complete independence of the labor movement which is the indispensable condition for this defense.

THE DEVELOPMENT OF THE PERMANENT war economy is automatically also the development of state power over the economy. In turn, it is the development of the trend toward the fusion of the state machinery with the most reliable and direct representatives of capitalist industry and finance. The Truman regime has already staffed virtually all the commanding positions in the multitude of bureaus and committees for organizing and directing the economy with outstanding capitalists and bankers, as if to give spectacular demonstration of this trend. Since these bureaus and committees acquire more and more power over the functioning of all economic life, the labor movement is necessarily obliged to enter into more and more direct relations with them and less and less with the employers whose representation is taken over by the state.

Two related consequences follow. The struggle for the economic standards of the working class is increasingly directed against the government-representing-capitalists (or capitalists-representing-government!) and therefore the economic struggle perforce becomes more directly and obviously a political struggle for the working class. Secondly, the struggle for the

economic standards of the working class must increasingly become, or take the form of, a fight between the labor movement and the Truman government over the conduct of the war preparations and more directly over who will bear the main burden of the permanent war economy.

That these are the forms that labor's struggle will take and that the struggles will not abate, is already indicated by numerous signs. The stupendous profits of monopoly industries appear in sharp contrast to the worker who sees a decline in his own living standards, with an even greater decline in prospect. The inequities of the Truman taxation schedule are felt by every worker and his family. The failure to control the cost of consumer goods, at the same time that efforts are made to freeze wages, is likewise felt by every worker and his family. The loading up of all the important government war boards with outstanding representations of capital who seek to include "labor representation" for decorative purposes or as captives, has a significance which escapes few workers. The widespread unpopularity of the prelude to the Third World War, that is, the war in Korea, only intensified the antagonism of the working class.

Finally, the fact that the United States is not yet engaged in a full-scale war makes it more difficult for the "patriotic" demagogues to persuade labor to "curb" itself and "sacrifice" its interests. In such a situation, the gap between the labor movement and the Truman administration is widened. The sentiments of the workers make it both possible and necessary for the official union leadership to make such a sensational, even if partial and temporary, a break with "its" Administration as occurred in the

withdrawal of all labor representation from the War Stabilization Board. Even if this conflict is patched up, its outbreak would be sufficient in itself to show that other such conflicts are inevitable. What is more important is the fact that such conflicts can easily produce deeper and wider breaks between the labor movement and the Truman Administration. The reasons for this are: the labor movement feels the tremendous power in its hands, and it has been neither cowed nor bridled against the use of its power; even the labor officialdom shows that it seeks more important positions and powers, which the support of the strong labor movement enables it to obtain; and the development of the permanent war economy under conditions of the bourgeois fight against inflation continually narrows down the possibilities for easily-granted economic concessions to the working class.

THE STRUGGLE OF LABOR against the war economy and the war-economy state is thoroughly progressive in that it gives an impulsion to the shift of the labor movement from the limited confines of economic struggle to the broader field of political struggle and in that it likewise gives an impulsion to the long overdue unification of the divided labor movements. That these manifest themselves today at the top, in the spheres of the leadership, only shows that the organic and irrepresensible tendencies are asserting themselves, for the present, in a distorted form but are asserting themselves nevertheless. Signs of the unification of the labor movement, which would vastly enhance its self-confidence and combativity, are visible in many parts of the country and not least significantly in the formation by the CIO, AFL, IAM and the Railroad Brother-

hoods of the United Labor Policy Committee authorized to speak and act before the government with the backing of virtually all the unions. Signs of the shift to political action are visible in the persistence of the Political Action Committee and Leagues for Political Education of the various unions. All these movements represent attempts, however limited, ambiguous or deformed, to free the working class from control by bourgeois political machines without leaving the framework of the bourgeois political parties, to wrest concessions from the existing political parties by organized political action of labor.

That these attempts, bureaucratically conceived and controlled, are fruitless and demoralizing to the working class, precisely because they remain within the framework of the bourgeois political parties, has been demonstrated time and again. The fact that labor officials find it necessary to make what are thus far purely verbal threats to form a "third party," is an involuntary acknowledgment of the futility of the present political course of the labor movement. What has been likewise demonstrated, particularly in the last national election, is that there is a widespread and deep-going political dissatisfaction in the country, which has only been strengthened by domestic and international events since last November. The downright criminality of the political policy of the official labor movement is underscored by the outcome of the 1950 national election. In almost all localities where there was a "protest vote," it took the form of a blind striking-out against the given administration, or even for conservative demagogues against demagogues designated as "liberals."

Broadly speaking, the people appeared to swing "to the right" primar-

ily in the absence of an independent political movement offering a clear-cut, aggressive and progressive alternative to the two parties of capitalism, that is, a political party such as only the labor movement can found and build up. This blind rebellion against the political status quo is likewise represented by the great popular support aroused for Hooverism in the "Great Debate" over foreign policy, which represents essentially a successful exploitation of the healthy anti-war sentiments of the people by reactionary politicians for reactionary ends—successful precisely because and to the extent that the labor movement has not put forward an independent and progressive foreign policy of its own but has allowed itself to be used as a mere echo of the reactionary and justly unpopular foreign policy of the Truman Administration.

JUST WHEN THE LABOR movement will succeed in breaking the paralyzing bonds of capitalist politics and in forming its own independent party, cannot be established. Neither can it be established that it will form such a party along a road known and prescribed in advance and along no other. The most important task of the labor movement, which overshadows and determines all other tasks, remains the formation of an Independent Labor Party. Consequently, the main and most important task of the socialist movement remains the unremitting advocacy and work for the formation of a Labor Party by the unions. The war danger only gives added urgency to the performance of the task which means the declaration of political independence by the American working class.

While it is probable that the actual founding of a Labor Party in the future will be undertaken either upon

the initiative or the leadership, that is, the control, of the labor leadership, it is not upon that section of the labor movement that the ISL rests its confidence and attention. The main basis of socialist activity in the labor movement continues to be the militants and leaders of the rank and file. It is these latter who are the best assurance that the Labor Party will be formed sooner rather than later, that it will from the very beginning be more rather than less democratic, that its development will be more swiftly progressive than it could possibly be under the exclusive control of the conservative or compromising officialdom. It is these militants who have always inspired and organized the progressive groups within the labor unions. Such groups were an outstanding phenomenon during the Second World War. It may be expected that, as the country—and its labor movement—are pulled closer to the Third World War, the official union leadership, generally speaking, will again fail to fight aggressively for the interests and demands of the rank and file and will even sacrifice them in the name of that “national unity” so cynically and hypocritically proclaimed by the blood-profiteers and their political representatives.

Under such circumstances, the formation of progressive rank-and-file union groups may likewise be expected. Socialist militants will at all times help in the formation of such groups, encourage and defend them, and seek to popularize the program of the ISL and win recruits to it from among these militants, without whom, as the Second World War experience of our organization demonstrated, the effectiveness of the socialist movement is drastically reduced, and with whom it is exceptionally strengthened. The great importance of such rank-and-file

progressive groups is further underlined by the fact that, again as shown in the experience of the last war period, while they may start on the basis of purely economic demands or inner-union questions, they almost invariably become the vanguard of the movement for independent working-class organization and action in the political field.

THE ADVOCACY OF AN INDEPENDENT LABOR PARTY remains unequivocally the principal political slogan, the axis of all the political work of the ISL, which reiterates its pledge to give unconditional support to such a party and its candidates even before it has adopted a socialist program and leadership. However, the ISL is aware of the possibility that the labor movement may well pass through one or more transitional stages between its present allegiance to bourgeois political parties and the formation of a political party of its own. The ISL takes no dogmatic position on the question of these transitional stages. On the contrary, at every stage which represents to any degree a breach between the labor movement and the bourgeois parties, or which offers the possibility of sharpening the inherent conflict between the political interests of the working class and those of the bourgeois parties, the ISL will welcome, encourage and stimulate the forward step, no matter how hesitant, partial or even confused it may be at first. Even in those cases where the forward step appears initially in the form of a conflict between the interests and aspirations of the labor officialdom, on the one side, and those of the bourgeois political machines, on the other, the ISL will seek to intervene in order to explain to the workers the deeper and truer meaning of the conflict, to widen it, and by sup-

porting the representatives of the labor movement against those of the bourgeois political parties, help to advance the class consciousness and self-reliance of the workers toward the formation of their own independent party.

The fact that the basic conflict between the classes takes the form, at certain stages, of a rivalry between bureaucracies, indicates that the conflict is still at a primitive stage but does not alter the fact of the conflict. Such for example was the motivation of the ISL in urging its friends to enroll in the Liberal Party in New York to educate and work for independent working class politics despite all the shortcomings of that party and despite the fact that it is not at all a Labor Party but a party bureaucratically based upon a narrow section of the union movement which has taken only the first step toward independent political action by its organizational separation from the bourgeoisie. It was with the aim of moving this party toward independence that the ISL called for an independent candidate for mayor on the Liberal Party ticket.

A similar policy would be indicated wherever the labor movement or sections of it moved toward the formation of local independent political parties even if these were not at the outset constituted as labor parties, fully independent and democratic in structure and policy; or wherever the labor movement ran its own candidates in the elections independent of the two old parties. The ISL proposes that such independent candidates enter the field and would support them against their capitalist opponents viewing such steps as the first hesitant moves toward a general separation of labor from the capitalist parties. In all

such situations it is the action of the working class for independence with which the ISL is concerned, it is the movement for a complete break with bourgeois parties and the establishment of a Labor Party upon which the ISL concentrates its attention.

Where the unions or the labor bureaucrats do not move toward a break from the bourgeois parties (in particular, the Democratic Party) they continue to function within these parties in coalition with one wing of the bourgeois machines against another and in no sense “independently.” The labor bureaucracy, at present, collaborates inside the Democratic Party with its liberal wing and at some point jockeys for greater recognition and fuller “representation” as its price for continued collaboration. In the same way, the labor bureaucracy participates in all government agencies and in the war boards while at the same time it demands a greater voice and more representation in its councils. Thus, even in the course of class collaboration, the antagonisms between the labor bureaucracy on the one hand and the bourgeois state and bourgeois parties on the other remain as a striking symptom of those class conflicts which will finally lead to a rupture between labor and the capitalist class.

Whenever these antagonisms burst out into the open, the ISL, in the interests of an effective program for the labor movement, takes the opportunity to call for an end of the self-defeating policy of class collaboration and the initiation of a program for militant working class independence. During the Wage Stabilization Crisis, for example, the ISL hailed the resignation of labor delegates from the War Boards, argued against their return, and called for the continuation and extension of the move into a break

with the Truman Administration and the "Fair Deal" Democrats. Similarly, in the case of any conflict inside the Democratic Party where the discontent of the labor leaders or of the workers is evidenced, the ISL calls not for greater "representation" of labor within it but for a break from it.

Where the unions are in fact forced into a serious conflict with their Democratic allies, the real tendency that develops is not at all toward primary fights in the Democratic Party or toward demands for greater representation within it but toward a break from it and toward the search for new political forms. So it was in 1947-8 in preparation for the 1948 elections, when the UAW, voicing the mood of the wide sections of the union movement, called for the formation of a new progressive party. So it was during the recent wage crisis, when leading labor officials again voiced their threat of forming a new party. So it was at the 1951 UAW convention where no one proposed a fight to elect labor candidates in Democratic primaries but where the delegates applauded open attacks on the Truman Administration and the "liberal" Democrats, and voted in large numbers for the defeated minority resolution for the formation of an independent labor party.

Where the unions do participate in primary fights, they merely continue their old policy of alliance with a wing of the Democratic Party. The convention rejects the proposal that the ISL or its friends advocate or support labor's contesting in the primaries of the bourgeois parties and rejects support to candidates running on the ticket of the bourgeois parties.

IF THE MAIN TASK of the labor movement is the formation of its political party, the task of developing its own

political program is indispensable not only once such a party is formed but also for the purpose of leading to its formation. In this most crucial present situation in the country, the importance of a democratic political program of its own to be put forward by the labor movement, for both domestic and international problems, is impossible to overstate.

The ISL sets itself the goal of urging and popularizing such a program. It declares that the program that it, as the socialist wing of the labor movement, puts forward for adoption by the labor movement, is not the rounded program for the socialist reorganization of society, but yet is a program consistent with the fight to preserve and extend democracy and to protect the working class and its interests from the reactionary consequences of the permanent war economy and the war itself. It does not look forward to the adoption of such a program by any capitalist government, not even the most "liberal," and characterizes any such hope or expectation as a deception or self-deception.

The political position, and what is more important, the political action of the contending classes in the United States, is, as elsewhere, determined basically by their antagonistic social positions, and not by temporary relationships, the personnel of their political spokesmen, or other superficial considerations. The more critical the situation of capitalist society becomes, the more irksome and intolerable become the rights and institutions of democracy which are available to the people in the defense of their interests. Capitalism is not identical with democracy; it is merely compatible with it (and even then only in its bourgeois form) at certain stages of development, and less and less compatible the more acute the difficulties

of the capitalist economy and state become.

Not democracy but private ownership and profit are the basis of capitalism and therefore of the capitalist class. But while democracy is not indispensable to capitalism, it is absolutely indispensable to the working class. It cannot even exist, much less advance, as an organized class, without democratic rights. An authentic labor movement, even the most conservative, cannot be conceived of without the right to organize, which directly involves such fundamental rights of democracy as freedom of speech, press and assembly. The labor movement, given a backward working class or a conservative officialdom or both, may allow the ruling class to restrict these rights, or may carry on only an incompletely effective fight to maintain and extend them, at a time when it still adheres to policies of class collaboration which in the long run only facilitate the undermining of all democratic rights. But it cannot allow these rights to be abolished without assuring by that very act its own abolition.

What is a luxury to the most liberal representatives of the capitalist class, is a vital necessity to the most conservative as well as to the most progressive movement of the working class. Hence, the complete reliance that socialism places in the labor movement as the natural fortress and champion of democracy. From these basic considerations, the ISL, in presenting a program for the labor movement, reiterates its irreconcilable political opposition and complete non-confidence in any capitalist government that exists or may be established in the United States, and declares emphatically that the program which meets the elementary needs of the people can be carried out only by a

workers' government in this country. In turn, only a workers' government which repudiates all responsibility for the imperialist tradition and reactionary policies of the past can expect to win that sympathy and solidarity of the peoples of the entire world which a capitalist government can never hope to obtain but which are vital to the security and peace of the people of this land and all others.

THE FIRST AND MOST IMPORTANT point in a democratic foreign policy of labor is the principle of the Right of Self-Determination for all peoples. This principle is a mighty two-edged sword which the labor movement can wield not only against capitalist reaction at home and abroad, but also against Stalinist imperialism. Even the most "democratic" warmongers and imperialists in this country wink at the gross violations of this truly democratic principle when the violations are committed in the interests of the American war camp. Labor cannot become the champion of the democratic nation and of democracy in general without cutting through the general political cynicism that prevails on this question, and coming forth as the militant champion of this elementary right, enjoyed by the United States but which its government denies or helps deny to other peoples and nations. Every people has the right to decide its own national destiny, without internal intervention by the United States (or any other power) and without having a "friendly" protectorate established over it "for its own good." The violations of this right have actually imperiled the true national—not imperialist, but true national—interests of the United States by bringing closer the danger of devastating war, and consequently imperil the interests of the American

working class. The honest championing of this basic democratic right all over the world, and not merely lip-service to it, demands that the American labor movement call for withdrawal of all troops of occupation, American included, and American political domination and control, which deprive countries like Germany and Japan of their national sovereignty. It demands a halt to any and all American aid and support to imperialist regimes in the colonial countries, like the French regime in Indo-China. It demands an end to the shameless military alliances with arch-reactionary regimes like that of Franco in Spain and Chiang Kai-shek in Formosa, alliances that make a mockery even of the pretense of a fight to preserve democracy.

The labor movement, eschewing all national narrowmindedness, indifference and selfishness, must proclaim that it is as much concerned with the improvement of the economic conditions of the retarded and undeveloped countries of the world as it is with the advancement of its own economic position. It is a task and duty of the labor movement to elaborate and adopt a plan for generous and large-scale contributions to the modernization and construction of the backward countries of the world of the kind advocated by President Reuther of the UAW, but with this all-important difference: such a plan can be put into effect with fruitful and progressive consequences only by an American workers' government, which alone can dispel the entirely justified skepticism, suspiciousness and outright hostility with which any "Point Four" program put forward by American imperialism is regarded by the bitterly-experienced peoples of the backward sections of the world.

The attitude of the peoples is

strengthened by the fact that all talk of American economic assistance to these sections is unaccompanied by any proposal for those radical but indispensable social changes required, especially in the backward countries, before industrial and financial aid from abroad can mean anything more than exploitation from the outside and the enrichment of the corrupt, parasitical and anachronistic ruling classes at home. The socialist criticism of such plans as put forward by Reuther is not directed against their goal, but against the illusory idea that it can be executed in a democratic non-imperialist way by an American capitalist government. It is only an American workers' government that can gain that confidence and fraternal support of the peoples of the backward and undeveloped countries which are essential to the democratic success of such a plan.

A DEMOCRATIC DOMESTIC PROGRAM is likewise of vital importance to the labor movement. First and foremost comes the need for an unbending stand by the organized labor movement against any and all curbs upon freedom of opinion, freedom of expression, freedom of the press and assembly, freedom to organize and strike, and full academic freedom in all educational institutions. This stand must include unambiguous opposition to all attempts to deprive the Stalinists of their democratic rights. The labor movement itself has most successfully and effectively defeated its Stalinist enemy when it employed fully democratic methods in the fight against it, that is, allowing it full freedom of expression and at the same time allowing a full democratic decision against it by the voting membership. The same method must be defended in the country as a whole.

It is the red-baiting, labor-hating reaction that urges and needs arbitrary police measures for its fight against Stalinism, for it is incapable of fighting it democratically. The labor movement has no need of such measures and must reject them wherever they are put forward. Without full democratic rights, the labor movement cannot live and breathe and fight.

There is no civil war in the United States and a violation of the democratic rights of any section of the people can only serve to undermine the rights of the labor movement as a whole. In this connection, it is important to emphasize the need of the keenest vigilance in maintaining democratic rights within those unions where they are threatened by officialdoms grown conservative and a persistent fight to institute these rights in the unions which have long been deprived of them. It is a mockery of democracy for union officials to proclaim the need of saving it throughout the world while stifling it in their own organizations.

Basic and indispensable to union democracy is complete control over the officialdom by the membership, unrestricted right of the expression of criticisms and differences of opinion, the right of every members to run for union office without any political restriction, freedom to establish groups or caucuses within unions, right to publish organs of opinion within unions, and equal access of all members to the discussion and correspondence sections of official union periodicals. The tendency toward the limitation or even suppressing of these rights, usually under the hypocritical guise of fighting the Stalinists, has been on the rise in the unions. It is a socialist and working-class duty to resist this tendency wherever it is manifested.

THE CHAMPIONING OF DEMOCRACY demands of the labor movement, in alliance with the entire Negro population, a more uncompromising fight than ever to abolish all forms and traces of the hideous institutions of Jim Crow, the very existence of which belie the pious claims of the imperialist democrats. The ruling classes in the past years have found themselves compelled to make many concessions to the American Negro people. These concessions have been wrested by the militant demands of the Negro people themselves, by the support they have received from the trade unions which have organized more Negro workers than ever before. Not the least consideration in granting these concessions has been the attempt to modify the effectiveness of the international propaganda campaign conducted by the Stalinists (but not by them alone), and to mollify the burning resentment toward Jim Crow felt among the colonial peoples all over the world who despise the doctrines of "white superiority." But these concessions, valuable and welcome though they are to the Negro people, have not yet destroyed or come near destroying the foundations of the Jim Crow system under which the vast majority of the Negroes live in this country. Discrimination, in a hundred fields of social life, is still the rule for the Negro people.

The tremendous enthusiasm displayed by the bourgeois press for the extremely modest concessions granted up to now, are calculated only to present the great shame of the American imperialist democracy in the most rosy light and to smother with words a continuation of the struggle for the real abolition of the Jim Crow monstrosity. The Negro people and the labor movement must take up and persist in the drive for the abolition

of all discrimination against Negroes, in all its forms and disguises, for complete economic, political and social equality between Negro and white citizens, for that equal treatment in industry, agriculture, politics, education, housing, medical and health facilities, in the armed forces and everywhere else, which the great bulk of the American Negroes do not yet enjoy. That is a task of the labor movement, and it cannot fight for it consistently, let alone achieve it, without first rooting out all forms of discrimination against Negroes which still prevail so widely in its own midst.

TO PROTECT THE WORKING PEOPLE from suffering most heavily from the consequences of the permanent war economy and the war danger, the labor movement must make its own a program for shifting the economic burdens where they belong.

First of all comes the need for ever-increasing workers control of production. The unions must safeguard themselves against all attempts by the employers or government to use the war situation for super-profiteering and as a pretext for undermining them and the best union militants by assuring to themselves the right to control hiring and firing. This is required also as a specific protection of the labor movement in a period of atomic bomb warfare, so that it may have the maximum assurances that the integrity of unions and the security of its most active members will not be menaced by the arbitrary powers to "freeze" or "shift" labor which the government, so openly staffed with the men of big capital, will seek to take and exert. The workers can only safeguard themselves against the shameless blood profiteering that was seen during the Second

World War, and against the equally shameless attempts to freeze wages in the face of such profiteering, by demanding that the capitalists open their books to union committees. Control over hiring and firing, access to all economic information: these are the minimum rights in industry the workers need for their own protection in the war economy.

The labor movement, which should seek to establish a workers' government and pursue a political program, at home and abroad, of its own, should not take any responsibility for the war-making or war policy of the present government. It should not allow itself to be committed to a crippling "no strike pledge" of any kind. It should not allow its representatives to be on any kind of "Defense" or "War Labor Boards" whose task is, basically, to harness labor to the war machine, or to serve them, as was the case in the last war, as part captive and part hostage. By thus taking responsibility for a course which it is not allowed to determine, labor helps to saddle itself as the docile bearer of the war burden. But this does not mean that it can fail to fight unremittingly for its rights in industry, and not leave the defense of its interests either to a government board or to the employer himself. Such a fight, to achieve and assure the most desirable objective, cannot but culminate in the demand for workers' control of production.

The permanent war economy threatens and will increasingly threaten the living standards of the workers. To counteract this threat, the labor movement cannot but demand that the economic burdens of the war and the war preparations be borne by the wealthy classes and not by the working classes. The Independent Socialist League urges the

labor movement to call for: the immediate nationalization of all war industry under workers' control; a genuine shift of the tax burden to the shoulders of the rich who gained so much from the last war and expect to gain so much from the next; if there is a levy on the bodies and lives of the people, then there must be a government levy on capital to help cover the backbreaking costs of the war preparations; a 100 per cent tax on all super-profits made out of war production; a roll-back of prices on consumer goods to the 1950 level and the most rigid control on all price ceiling; repeal of the Taft-Hartley law; a national housing program; national health insurance and expanded social services; expanded educational facilities; a rolling back of rent rates to the 1948 level, when federal ceilings were first lifted.

WITH THESE POINTS as the basis for a labor program on domestic and international policy, the labor movement can seize the favorable opportunities that are presenting themselves to win the support of the whole working class and of the most important sections of the middle classes who want peace, security and democracy. The members and the press of the Independent Socialist League are pledged to an incessant campaign to win over larger numbers in the labor movement to this program. No socialist is doing his duty if he fails to become an active part of one of the popular organizations in the country—the trade unions and their political committees, as well as such organizations as the ADA, the Liberal Party, the NAACP and the like—where in he is able to put forward the program of the Independent Socialist movement and to win adherents and support for it.

At the same time, the ISL reaffirms the declaration of its last convention concerning its character and tasks as a revolutionary socialist propaganda organization. The ISL has the specific task of educating and training a movement of workers and students in the fundamental principles and program of internationalist socialism and socialist democracy. It has the specific task of disseminating and defending the theoretical and political positions which it alone has developed, summed up in the popular formula of "Neither Washington nor Moscow, but the Third Camp of Socialism and Democracy."

Above all, it has the task of expounding its position on the interrelation between capitalism and Stalinism which distinguish it, and it alone, from both of these forms of contemporary social decay and from the apologists and defenders of both, that is, from the official labor leadership and its Social-Democratic echo, on one side, and the Stalinist spokesmen and their "Fourth Internationalist" echo, on the other. The Independent Socialist League proudly re-dedicates itself to the performance of this task, never before more urgently necessary than today, as the task most essential to the reconstruction and triumph of the world movement for socialist freedom.

JULY, 1951

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The Jewish Question and Israel

Resolution Adopted by the Independent Socialist League

(1) In the last five years, the related problems of Israel and the Near East, Zionism and the Jewish question in the world have been radically changed from their pre-war status by a series of political developments. While the new problems are rooted in the old, a thorough readaptation and restatement of the Marxist analysis of the questions involved is necessary, based upon an examination of these changes and of the present situation.

The new situation that has been created revolves around a development previously unanticipated by Marxists: the formation of the state of Israel, carved out within the borders of Palestine, as a Jewish state. Central to the re-examination of the changes thus wrought is the fact that this took place, and the new state is operating, in a world divided between two giant imperialist blocs engaged in a cold war which is leading to a new world conflict.

Exterminationism

(2) At the same time the phenomena of degenerating capitalism accompanying the Second World War and its aftermath have vitally affected the character of the Jewish question in the world. The Second World War, widely looked upon among some sections of the Jewish people as a "war against anti-Semitism," actually brought about a new worsening of the conditions of the Jews in the whole world. On the Axis side, there was the unprecedented physical extermination of six million Jews—the Nazi "solution" of the Jewish problem in a barbarous manner scarcely known even in the older less "civilized" days.

A distinguishing feature of totalitarian capitalist forms of anti-Semitism is the total rejection of the Jews even as abject slaves. More and more the Jewish people of the world face, not the alternative of death or oppression as is usual for subject minorities, but rather: extermination or the fight for a socialist world. Degenerating capitalism has made a new evil out of even the ancient evil of anti-Semitism. In more and more parts of the world, the problem before the Jewish people has become simple survival, as, hand in hand with the totalitarian trends in the world today, the program of the extreme wings of anti-Semitic movements tends toward exterminationism.

Post-War Anti-Semitism

(3) With the defeat of the Axis by the Allies, far from this leading to a better lot for the Jews of the world, post-war anti-Semitism has flowered also in the democratic capitalist countries and in the lands of the Russian Stalinist empire. The remnants of European Jewry found themselves in a worse plight than that of any other war-torn people in Europe. Deprived of their possessions, homeless, without means of livelihood, in many cases bereft of relatives, friends and families, herded into DP camps which are often little better than the concentration camps which they survived, most Jews of Europe have seen no future in their old homelands and have sought to emigrate into other lands to start life anew.

While it was the great bourgeois-democratic revolutions which first liberated the Jews of Western Europe from their ghetto existence, and it was

the rise of the modern labor and socialist movement which fortified their rights, today with the growing inability of capitalism to maintain any kind of stable existence economically, the capitalist class finds all democratic forms and rights increasingly incompatible with their further rule. All the great conquests of the last 200 years fall victim one by one to the onslaught of capitalist totalitarianization. The struggle for the defense of the Jewish people, of their full equality in political, social and economic opportunity, and against all forms of anti-Semitism is, therefore, an integral part of the struggle in defense of democracy and civilization, a struggle which finds its only complete expression in the struggle for socialism. This struggle against anti-Semitism is likewise of the greatest importance for the American Marxist movement in educating the American working class to the political significance of anti-Semitism and its use by fascist and reactionary sections of the bourgeoisie as an anti-labor weapon.

Jewish Nationalism and Migration

(4) Nazi exterminationism and post-war anti-Semitism have led to a large-scale resurgence of nationalist sentiment among Jews all over the world. This growth in Jewish nationalism has in large part taken the form of a mass desire for a territory (Palestine in particular) where the Jewish population might be able to develop its own life under its own political institutions free from anti-Semitism. These aspirations are in themselves the legitimate democratic yearnings of a people long subjected to oppression and discrimination, yearnings which would be perfectly capable of satisfaction and achievement in a socialist world whether in Palestine or other areas. While this intensification of na-

tionism has inevitably also led in the post-war situation to the intensification and growth of the specific Zionist ideology, one of its strongest roots is simply the desire to escape from the hellish existence of the DPs in Europe and from the threat of worse developments.

The elementary democratic demand of free emigration and immigration, long part of every genuinely democratic program, must be most vigorously fought for in the specific case of the European Jews. All barriers to immigration to the countries of their choice must be broken down. For socialists in the U. S., the richest country in the world and the one capable of absorbing the largest population, this means the struggle against the exclusion of the Jews from *this* country. For this reason, independent socialists raised and continue to raise the slogan "Open the doors of the U. S.!" This is also why, as long as Britain held the gate to Palestine, it was also the responsibility of the Marxists, particularly in Britain as well as in the U. S., to demand: "Open the doors of Palestine to Jewish refugees!"

In the Stalinist Empire

(5) In Eastern Europe, behind the Iron Curtain, where the rumblings of a form of anti-Semitism are heard as never before under Stalinism, the growing Jewish nationalism (in this case even in its Zionist form) can play an especially progressive role. In the totalitarian prison of Stalinism, the progressive-nationalist *kernel* of Zionism (not to speak of non-Zionist Jewish nationalism) inescapably comes into irreconcilable opposition with the dictatorship and can help to mobilize a part of the population under the Stalinist heel against the Kremlin and its puppets.

Prior to World War II, Jews in

Russia, although subject to forced assimilation, were on the whole accorded "prison-house equality" in this "prison-house of the peoples." Popular anti-Semitism was suppressed; spreading of anti-Semitic propaganda was a criminal offense. Except for occasions when anti-Semitic prejudices could be used against political oppositionists, the ruling bureaucracy showed no anti-Semitic tendencies.

With the coming of World War II, and in line with the policy pursued by the Kremlin in its "patriotic war" of catering to Great-Russian chauvinist prejudices, the evidences of growing anti-Semitism began to multiply. Its practice has now permeated the ruling bureaucracy.

The anti-Semitic policy of the regime includes not only toleration of anti-Semitic propaganda and prejudices among the masses but tacit encouragement of them and catering to them. It includes growing exclusion of Jews from high government and bureaucratic positions and other honorary recognition, as in the cultural fields. The Kremlin's drive against all Western influences is especially virulent against writers and artists of Jewish origin, who are denounced as "landless, rootless cosmopolitans, gypsies," etc., reflecting the regime's fears of ties between the Jews and the outside world and their greater resistance to Russian chauvinism. All of this has also been transferred to the Eastern European satellites of Moscow.

The implications of the charges of "cosmopolitanism" and so on are sufficiently unmistakable and cannot but arouse the fear that the Jews within the Stalinist empire, particularly within Russia, may in a third world war suffer the fate of the Volga Germans in World War II—genocide. The emergence of anti-Semitism in Stalinist totalitarianism is a development

that is not at all improbable in terms of the dynamics of bureaucratic collectivism. The tendency of the bureaucracy to use the Jews as scapegoats, in the face of the masses' hatred of the regime, has posed the question of the physical survival of Jews under Stalinist despotism. The regime cynically exploits popular anti-Semitic prejudices for its own reactionary ends: (a) to smear political opposition; (b) to deflect part of the masses' hatred from themselves on to an unpopular group.

In the Eastern European Stalinist states, the Jewish survivors who returned to build a new life in their decimated and depopulated towns met with new, fierce and aggravated hostility. Unable to rebuild their lives in their old homes, the Jewish masses seek a new haven away from the cemetery of their people. Emigration has become for them a crucial and immediately vital need. Stalinism moves to deny this right to emigration and to shut the door of its prison-house upon them.

The struggle for the *right to emigration* must now be joined to the fight for the right of free immigration to the U. S., Israel and all other countries. The socialist and trade union movements must enlist in the international fight for freedom of emigration from the Iron Curtain domain.

THE STATE OF ISRAEL AND ZIONISM

Role of Zionism in Palestine

(6) It is, however, in its impact upon the situation in Israel that the fundamentally reactionary ideology of the Zionist form of this growing Jewish nationalism has had its most harmful effects. The Arab-Jewish war in

Palestine which was touched off by partition must be considered not only as the immediate consequence of the UN act of partition, but as the culmination of the decades-long policy of Zionism and British imperialism in the Near East, together with the reactionary role of the Arab landlord ruling class.

The antagonism of Jews and Arabs, which reached its highest point in armed conflict, was fed from both sides. It was fed on the criminal policy of Zionism toward the Arabs, a policy which was based on the aim of minority rule by the Jews in Palestine under the wing of British imperialism. On their side, the semi-feudal Arab rulers sought to utilize the legitimate national fears of the Arab masses against Zionism for their own reactionary purposes, to keep the Arab people separated from the Jewish masses and to maintain their own oppressive rule over their own people.

The Marxist Program

(7) The post-war influx of European Jews into Palestine greatly exacerbated Arab-Jewish relations in the country. The Zionist leaders looked upon this influx of refugees as a means of imposing all-Jewish rule upon the whole country. The Arab effendis demanded that the Jewish people, hounded in Europe, be deprived of the right to found a new life in the country of their choice. The Marxists, firmly opposed to both, advocated a policy which would bring together the Arab and Jewish peoples in a joint fight against British imperialism in the first place, and, necessarily bound up with this, against Jewish capital and Arab landlordism, for a Palestine freed from all foreign rule and governed by a democratic Constituent Assembly based upon equal and universal suffrage.

Such a fight was desired least of all by the Jewish and Arab upper classes. In the course of a joint struggle from below, cemented by common national-revolutionary aims and common social interests, Marxists aimed for a free and independent state of Palestine, based on the coexistence of two equal peoples, with national and cultural rights and autonomy safeguarded for both. This was the only progressive solution of the Palestine question. It looked not only to revolutionary struggles in Palestine but to the upsurge of anti-imperialist and revolutionary strivings in the whole Near East, on the road to a Near East Federation of socialist republics.

The Inter-Imperialist Rivalry

(8) Another consequence of the Second World War was the extreme weakening of British imperialism, and the emergence of the U. S. and Russia as the two giants of world imperialism, neither of which was desirous of permitting Palestine to remain the unchallenged preserve of the London City. British imperialism was further weakened by the strivings of the Arab world for independence from its rule. Zionist eyes turned more and more toward Washington instead of London, in some of its sections toward Russia. Washington, keenly interested in the Near East and its oil, could look forward to ruling by the power of the dollar, once the British political fence was removed. Russia could look forward to an easier road to infiltration for the strengthening of its own sphere of influence.

Under these pressures and in this interplay of the imperialist rivalries, the UN decided on the partition of Palestine and the setting up of a truncated state for the Jews—to be sure, against the bitter opposition of the British under the leadership of

the Laborite government, which acted in foreign policy as the loyal caretaker of British imperialism. The state of Israel was brought into existence, however, only through the fight of the Palestinian Jews themselves, against Arab armies supported by Britain and without the help of the UN.

Position on the Partition

For the Marxists, the partition was and is no solution for either the basic problem of Jewish-Arab relations in Palestine or, still less, for the Jewish problem in the world. As against partition, we advocated a different course, one which did not depend on—and which could not redound to the advantage of—any of the imperialists: our program for a joint Arab-Jewish revolutionary struggle for national liberation and for a revolutionary government based on a democratic Constituent Assembly. Under the circumstances of the aftermath of the Second World War and given the absence of a revolutionary Marxist party in Palestine to guide and lead such a struggle, this socialist program could not take life as an alternative to the actual course of development.

The Zionist leadership (at first) and the Arab cabal also opposed partition, because they too had an alternative: the complete conquest of Palestine and the subordination of the other people, by force of arms if necessary—a reactionary chauvinistic alternative at the opposite pole from that of the Marxists. If the Zionist leaders finally accepted the partition willingly, it was because they reconciled themselves to it as a necessary installment toward their real end.

There was no such reason for the Marxist view of partition to come to an end with the UN decision. As compared with the program we advocated, partition represented a setback on the

road to greater understanding and cooperation between the Jewish and Arab peoples: it did indeed lead to a bloody fratricidal war in which and after which national feelings were inflamed even more and state-boundary walls were set up between the two peoples.

Right to Self-Determination

(10) But if partition and the subsequent setting up and consolidation of the new state of Israel did not and could not solve the basic problem, or advance its solution, it did pose entirely new conditions under which that solution had to be sought. For the first time, for the Marxists, the question was posed in real, political—not abstract—terms: Do the Jews in Palestine have the *right* to self-determination?

Previously this question had been demagogically posed by the Zionists only as a misleading formulation of their actual program of minority rule over an Arab majority—therefore not as a question of democratic self-determination at all. It could be honestly posed in reality *only* on the basis of a partition, which, however, had been as vigorously opposed by most Zionist and semi-Zionist tendencies as by the Marxists, up to the UN decision.

Before the actual fact of partition the Marxists could counterpose to all other programs their own program for a democratic united Palestine as part of the perspective of socialist revolution in the Near East. The outbreak of *war* in Palestine particularly posed the question of the right of self-determination sharply before the Marxist movement.

Self-Determination for Jews

(11) A clear distinction must be made between (a) the *right* of a people to self-determination, and (b) the

correctness or advisability of exercising this right to the point of separation under given conditions. While the Marxist view was opposed to partition and the creation of a separate Jewish state as the solution for Palestine, it is yet the clear fact that the overwhelming majority of Palestine's Jews desired it. The democratic right here involved—which involves also the democratic right to follow a mistaken policy—was attacked and contested, not by any force acting in the interest of a higher democracy or of socialism, but by the armies of a reactionary social class, the Arab effendis. The reactionary nature of this assault on the Jews' act of self-determination is not eliminated by the fact that the Arab peoples themselves suffer from the exploitation of imperialism, especially in view of the fact that the assault took place with the urging and aid of British imperialism.

Also not involved is any scientific-theoretical question of "the nature of the Jewish people"—i. e., nation, race, etc.—since (a) the problem concerns not Jews or people of Jewish descent in the world as a whole, but specifically the Jewish community in given territorial areas of Palestine, and (b) whatever the scientific-theoretical verdict might be for the Jews as a whole, it is obvious that the Palestinian Jewish community has acted and is acting *exactly* as if it were a national people, and this is enough for the purpose of determining a political program.

Position on the War

(12) The politics from which the war in Palestine flowed, therefore, was—on the side of the Jews—their exercise of their right to self-determination; and—on the side of the Arab states—their aim of depriving the Jews of this right by force of arms. The war itself was necessarily fought by the

Jews independently of the UN and of any of the imperialists because of the policies of the latter. The Marxist position on this war was summed up as follows:

(a) Defense of Israel against the Arab states' attack—military, material and moral support to its war but no political support to Zionism or the government. This pro-war position necessarily entailed also opposition to any intervention in the war by the big imperialist powers, and the demand in the U. S. for no embargo on arms to Israel and for recognition.

(b) For the conduct of this just war of defense around the leading ideas: (i) no expansionism! (ii) wage the war, not as a war against the Arab peoples, a war of Jew against Arab, but as a war against the Arab landlords and oppressors, as a social war, to seek the alliance of the Arab masses.

Perspectives for Israel

(13) This objective could be achieved only on the basis of a revolutionary program, not on the basis of Zionist nationalism. It meant the aim of constructing Israel not as an exclusively Jewish state (even one which treated an Arab minority tolerably) but as a "bi-national" state—a bi-national state in the specific sense of one which is planned as the home of *two* equal peoples, not of one master race tolerating an alien minority.

The victory in war of the splinter state of Israel ensured its national existence and independence for this period but did not solve its problems. Without at all derogating the fact of Israel's independent status, it is still important to understand the following: Merely military victory—especially with the maintenance of a Zionist-nationalist and implicitly expansionist perspective, on the one hand, and on the other hand the demands in some

Arab circles for a "second round" of fighting for the overthrow of Israeli independence—can only result in a permanent state of Near Eastern "cold war" between Jews and Arabs, chronic national tensions, border incidents, and permanent national hatred.

Under these conditions, for a splinter state whose economic life is intertwined with that of its Arab neighbors, its future can only be that of a state-wide ghetto in an Arab world. The leaders of Israel can make this future bearable only by dependence, and ever-increasing dependence, on one or the other of the predatory imperialisms, by becoming its outpost in its section of the world. Both Russia and the U. S. bloc seek to dominate Israel in this way, but in today's situation the strongest imperialist force operating to subjugate Israel and break it into this role is U. S. imperialism, operating both through the general economic power of U. S. wealth and specifically through control of the pursestrings of Israel by Jewish capitalist elements in the U. S.

For Independent Action

(14) In the longer run, the only alternative for Israel, as against a chronic nightmare existence and becoming a puppet of outside imperialism, is the perspective of the integration of Israel into an Independent Near Eastern Union of States, genuinely free from all imperialist subordination and control. As long as Jewish capital and Arab landlordism remain in control of these states this aim is not a practical possibility; the fight for its realization requires the building of a revolutionary socialist movement in Israel and of revolutionary workers' and peasants' movements in the Arab countries. In general, the development of this slogan would be along the same lines as that already pro-

posed for an Independent Western Union in Europe.

Program for Israel

(15) A special responsibility—not a one-sided one, but a special responsibility—in this regard devolves upon the working-class movement of Israel, precisely because of its more advanced character and ideology and the more advanced nature of the economy upon which it rests. Without in the least counterposing the tasks of Israeli socialists to those of socialists and consistent revolutionary nationalists in the Arab countries, or the importance of a revolutionary program on both sides of the national division, it is the particular duty of the Israeli socialist movement to develop a program making for an alliance between Israel's working class and the Arab masses against their own exploiters and ruling classes. Such a program could take its start and indicate its direction with such demands as the following:

- (a) The complete integration of both Arab and Jewish workers into united trade unions.
- (b) United political parties of Jews and Arabs in Israel.
- (c) Agrarian reform in the Arab sections of Israel, making land and capital available to Arab land-tillers on the same basis as to Jewish colonists, etc.
- (d) Policy of encouraging and facilitating the return of Arab refugees to Israel.
- (e) Elimination of the Arab ghettos in Israeli cities and of all laws and practices imposing special disabilities upon Arab citizens and residents in Israel.
- (f) The formation of an Independent Near East Union based on equal universal suffrage, complete democratic rights for all peoples, the safeguarding of na-

tional and cultural rights for all people in all countries, etc.

- (g) Economic union with Arab Palestine and/or Transjordan as a first step.

Road to Socialism

(16) While a progressive development for Israel cannot unfold fully for Israel unless it moves in the direction of Jewish-Arab unity within Israel and toward voluntary federation with the Arab world about it, the road to building a socialist movement which will fight in this direction does not depend only on a program revolving around this question. The development of Israel since its creation makes clear to all that *within* the Jewish population the class struggle of the proletariat versus the Israeli bourgeoisie is not exorcized by Zionism. On the contrary, this class struggle has been sharpened, especially under the conditions of the country's continuing economic crisis, and tends to break out of the bounds of Zionist national unity.

In its truncated section of Palestine—poor in resources, moreover—Israel's economic crisis is decisively, though not exclusively, linked with its international position in a cold-war-torn world, as a Jewish island in an Arab region and as a small country under the pressure of the imperialist blocs. Its economy is drained by its relatively enormous arms budget and by the disruption of the normal trade relations with the Arab areas around it. The socialist program on Jewish relations with this Arab world is therefore a requisite to a solution of the economic crisis also—that is, to the domestic program. In addition, a genuinely socialist domestic program would also include:

- (a) Maximum expansion of the nationalized and collective sectors

of the economy under the democratic control of the workers and farmers.

- (b) An end to the labor leaders' policy of concessions to capitalist private enterprise and foreign capital at the expense of the working class and of the collectivized sector.
- (c) Complete separation of church and state—that is, the abolition of all the reactionary legislation and practices which accord medieval privileges to the Orthodox Jewish synagogues; secular marriage, divorce, education, etc.
- (d) Abolition of all laws and practices restricting civil liberties, the press, mails, etc.

Road to International Unity

(17) The establishment of peace between Israel and the Arab countries is a vital necessity for the economic well-being and development of all the Middle Eastern countries. The road toward achieving such peace requires such an Israeli policy toward the Arab peoples as will create popular sentiment for peace among those peoples. This is a necessary first step toward any permanent solution.

More than in Western Europe, more than in the Far East, the healthy development of the Israeli economy and society requires integration into a supra-national unity, through voluntary federation between the two states artificially carved out of Palestine. Most immediately indicated is the aim of a voluntary federation of Israel and Arab Palestine, bringing together once more the parts of this divided country. This would be an important step on the road to an Independent Near East Union, as a revolutionary workers' and peasants' movement develops in the Arab states under the thrones of the effendis. This is the

path advocated by the Marxists toward the achievement of the great goal of a United Socialist States of the Near East, as part of a socialist world.

II

THE JEWISH QUESTION

Zionism No Solution

(18) The setting up of Israel has had a strong impact on Zionist ideology both in Israel and in the rest of the world. Within Israel, the growing weight of Israeli nationalism becomes intertwined with Zionist ideology, as a new independent force, and at the same time comes into conflict with the Zionist movement of the diaspora.

What remains of the specific Zionist ideology in the countries outside Palestine, now that a Jewish state actually exists in Israel, is more than ever utopian and reactionary. This is so, not because it is (in its own way) a manifestation of the legitimate democratic aspirations of Jewish masses for an independent territory in which they can carry on their own life free from anti-Semitism, but because of Zionism's basic thesis that the establishment of a Jewish state is the solution to the Jewish problem in the world.

The problem of the Jewish population in the diaspora cannot be solved by any perspective of emigration to Israel, except for a small part; Israel cannot absorb them. In the Moslem countries outside of Palestine, the situation of the Jews has been considerably worsened. The Jewish problem remains in the world, sharpened by the war and by capitalist degeneration, and Zionism no longer can even pretend to be able to eliminate it along its chosen road. The overwhelming majority of the Jews dwell, and will continue to dwell, outside of

Israel. The fight for the abolition of all injustices practised against the Jews, of all inequality in status and opportunity, of all anti-Semitic practices and prejudices, is more than ever bound up with the fight for socialism in all countries and on a world scale.

Zionism in the Diaspora

(19) In these countries Jewish nationalism, even in its Zionist form (like Negro nationalism to a certain extent), springs from some progressive roots—in particular, recognition of the trend of capitalism toward anti-Semitism and a desire to ensure a free life for the Jewish people. It is reactionary in its consequences inasmuch as it leads to the characteristic Zionist ideology: their view of the diaspora merely as a reservoir of manpower and material aid for a future expansion of Israel as a dominantly Jewish state, both at the expense of the surrounding Arab countries and toward the eventual liquidation of all Jewish communities outside Palestine; the consequent belief that the perspective for every Jew should be to go to Palestine, as a matter of tribal solidarity and "blood"; the view that any participation by a Jew in the class struggle in the countries of the diaspora is either in contradiction with his Jewishness, or, at best, an incidental activity permissible (or even desirable) as long as he is still outside Palestine and as long as it does not conflict with his main responsibility.

Against Jewish Separatism

(20) In opposition to this, the Marxists propose to the Jewish people in their countries that their main responsibility is to fight at home not only against anti-Semitism in all its forms but, in order to carry out this very fight effectively, for socialism and a workers' government—which at one

and the same time is the only guarantee not only for a free life for the Jewish people but also for the healthy development of Israel and Jewish-Arab relations in the Near East. Insofar as Jewish nationalism does contain or spring from progressive aspirations which we share, we seek to point out to nationalist-minded Jews that their prime duty is to join with the labor and socialist movements of their own countries in the struggle for a workers' world.

This means rejection of the organization of Jews as such, on the basis of principled separatism, either politically or economically (i. e., specifically Jewish unions, Jewish political parties whether Zionist or not, etc.); it means common organization with all other workers, within which common organization, special programs, propaganda and institutions need to be devoted to the special Jewish problem. We make clear that this does not bear on the right and/or the need of Jews to carry on specifically Jewish cultural activities and organizations, or to organize specific Jewish defense organizations while seeking the support and participation of the labor movement and all other opponents of anti-Semitism.

Question of "Assimilation"

(21) Outside of the above, which is the primary *political* proposal of the Marxists to the Jewish people regarding their relations with the labor movement in the countries outside Israel, the Marxists do not—and do not need to—take a fixed position on the theoretical and speculative aspects of the problem of "assimilation." Under capitalism, total assimilation is an unreal perspective—except, possibly, in its very worst form, i.e., forced constraint. Under socialism the Jewish people themselves will be free to

choose their own road—whether toward assimilation, or toward some form of cultural autonomy, or even toward some form of territorial political autonomy within the framework of free socialist federation, or any combination of these. This will be decided in practice by the Jewish people themselves, under the new conditions and opportunities provided by socialist democracy, and not imposed in advance either by a revolutionary party, a workers' state, or even by any existing movement of the Jewish people themselves.

Here too the Zionist movement shows its chauvinist ideology in arbitrarily seeking to restrict or interdict or wipe out Yiddish culture (language, literature, schools, etc.) both in Israel and in other countries.

On the political field, however, the Marxist movement vigorously advocates the "assimilation" of the Jewish people in all countries into the labor and socialist movement of that country, for a common fight against capitalism.

Approach to Zionists

(22) In the United States particularly, the pressure of conditions under which the Jews live is far from resembling that of the Jewish DPs in Europe. In the United States, therefore, we approach socialist Zionists, especially left-wing socialist Zionists, in the first place on the basis of a common fight for the many objectives we jointly hold in social and political action *here and now*, seek to develop common political action for the labor and socialist fight here and now, and seek to convince them, in the course of such common struggle, of the Marxist view on the relation between the Jewish struggle and the struggle against capitalism at home.

JULY, 1951

The Permanent War Economy

Part IV—Military-Economic Imperialism

It is precisely in its international aspects that the new stage of capitalism, which we have termed the Permanent War Economy, reveals most clearly its true character as well as its inability to solve any of the fundamental problems of mankind. This is not due to any failure on the part of the American state to recognize the decisive importance of foreign economic policy, as witness both the Gray and Rockefeller reports within the past year, but rather to the historical impasse in which capitalism finds itself.

The capitalist world is not what it was in 1919 or in 1929. Even the depression-shrunk capitalist market of 1939 was relatively larger, and offered greater opportunities for profitable investment of American surplus capital, than the crisis-ridden world of today, confronted as it is with the unrelenting pressure exerted by Stalinist imperialism. Just as the domestic economy is increasingly dominated by the impact of war outlays, both direct and indirect, even more so is foreign policy in every ramification subordinated to military (euphoniously termed "security") considerations.

The tragedy of the situation, from the point of view of American imperialism, as we have previously pointed out (see especially "After Korea—What?" in the November-December 1950 issue of THE NEW INTERNATIONAL) and as the more far-sighted representatives of the bourgeoisie perceive, is that American imperialism cannot hope to defeat Stalinist imperialism by other than military means; and yet a military victory, even if it be achieved, threatens to destroy the very founda-

tions upon which capitalism now rests. Not only would the military defeat of Stalinist imperialism remove the entire political base upon which the Permanent War Economy depends for justification of huge war outlays, without which the economy would collapse, but the very process of achieving a military solution of the mortal threat posed by the existence of an aggressive Stalinist imperialism is guaranteed to complete the political isolation of American imperialism, undermine its economic foundations and unleash socialist revolution on a world scale.

THE ARENA OF STRUGGLE between American and Stalinist imperialism is truly global, but it necessarily centers on Europe and Asia. There are sound economic reasons for increasing American preoccupation with these areas, aside from their obvious political importance as actual or potential foci of Third Campism. As Defense Mobilizer Charles E. Wilson graphically points out in his second quarterly report (*New York Times*, July 5, 1951):

Potentially, the United States is the most powerful country in the world, but we cannot undertake to resist world communism without our allies. Neither we nor any other free nation can stand alone long without inviting encirclement and subjugation.

If either of the two critical areas on the border of the communist world—Western Europe or Asia—were to be overrun by communism, the rest of the free world would be immensely weakened, not only in the morale that grows out of the solidarity of free countries but also in the economic and military strength that would be required to resist further aggression.

Western Europe, for instance, has the

greatest industrial concentration in the world outside of the United States. Its strategic location and military potential are key factors in the free world's defense against Soviet aggression.

If Western Europe fell, the Soviet Union would gain control of almost 300 million people, including the largest pool of skilled manpower in the world. Its steel production would be increased by 55 million tons a year to 94 million tons, a total almost equal to our own production. Its coal production would jump to 950 million tons, compared to our 550 million. Electric energy in areas of Soviet domination would be increased from 130 to 350 billion kilowatt-hours, or almost up to our 400 billion.

Raw materials from other areas of the free world are the lifeblood of industry in the United States and Western Europe. If the Kremlin overran Asia, it would boost its share of the world's oil reserves from 6 per cent to over half . . . and it would control virtually all of the world's natural rubber supply and vast quantities of other materials vital to rearmament.

And in manpower, in the long run apt to be the final arbiter, should Stalinism conquer Europe and Asia, American imperialism would be outnumbered by a ratio of at least four to one!

In the words of the Gray "Report to the President on Foreign Economic Policies" (*New York Times*, Nov. 13, 1950):

We have now entered a new phase of foreign economic relations. The necessity for rapidly building defensive strength now confronts this nation and other free nations as well. This requires a shift in the use of our economic resources. It imposes new burdens on the gradually reviving economies of other nations. Our foreign economic policies must be adjusted to these new burdens. . . . Our own rearmament program will require us to import strategic raw materials in greater quantities than before.

Wilson, in his report previously cited, hints at the dependence of the American war economy on the minerals and raw materials of the "underdeveloped" areas: "For most of these

metals [cobalt, columbium, molybdenum, nickel and tungsten and other alloying metals] we are dependent primarily on foreign sources, and defense requirements of other nations are also increasing."

It remains, however, for the Rockefeller report (Advisory Board on International Development, summarized in *The New York Times*, March 12, 1951) to place the problem of raw materials in proper perspective, and at the same time to reveal the weaknesses that have accumulated in the structure of American imperialism. The section is worth quoting in full:

With raw material shortages developing rapidly, an immediate step-up in the production of key minerals is vital if we are to be able to meet the growing military demands without harsh civilian curtailments.

Two billion dollars energetically and strategically invested over the next few years could swell the outflow of vital materials from the underdeveloped regions by \$1,000,000,000 a year.

This increased production can best be carried out under private auspices and wherever possible local capital within the country should be encouraged to enter into partnership with United States investors in these projects.

Both immediate and longer-range peace needs warn of grave consequences unless such a development program is undertaken promptly. Although the United States accounts for more than half of the world's heavy industry production, it mines only about a third of the world's annual output of the fifteen basic minerals.

Soviet shipments to the United States of chrome and manganese, so essential for steel-making, have already been choked back. The advisory board hopes that the people in the Soviet-controlled areas will be able to regain their freedom. However, today their trade is tightly controlled.

In the manganese and tungsten deposits of Latin America, Africa and Asia, the chrome production of Turkey and the Philippines, the timber stands of Brazil and Chile, the pulpwood of Labra-

door lie resources for developing substitute sources for materials which come from areas now dominated by the Soviets or most vulnerable to aggression.

Continued dependence of the free nations upon imports and markets of Soviet controlled areas weakens them in enforcing measures of economic defense.

Peace, free institutions and human well-being can be assured only within the framework of an expanding world economy.

With an expanding productive base it will become possible to increase individual productivity, raise living levels, increase international trade, meet the needs of the growing populations in the underdeveloped areas and perhaps even resettle peoples from the industrial areas under growing population pressure.

Our objective should not be to "mine and get out" but to strive for a balanced economic development which will lay an enduring base for continued economic progress. *Workers should receive a full share in the benefits as quickly as possible.*

Improving the standard of living of the people of the underdeveloped areas is a definite strategic objective of the United States foreign policy.

The advisory board recommends the continued encouragement of the free labor unions in the underdeveloped areas.

And that the International Labor Organization's recommendations as to fair labor standards be used as a guide for minimum labor standards in the underdeveloped areas. (Italics mine—T. N. V.)

Actually, coincident with the outbreak of the Korean war, American imperialism was aware of its vulnerability in strategic materials in the event of continuing "hot" and "cold" war with Stalinist imperialism and sought to remedy the situation. As Paul P. Kennedy puts it in *The New York Times* of August 5, 1951:

The shift in emphasis from purely economic to economic-military aid within the foreign assistance program began to take vague shape as early as July 1950. At that time Mr. Foster, in something of a surprise move, advocated the diversion, in some countries, of E. C. A. matching funds toward military production facilities.

The Administration has requested \$8.5 billion for fiscal 1952, of which \$6.3 billion would be in military aid and \$2.2 billion for continued economic aid. Economic assistance is now defined as "providing resources necessary for the support of adequate defense efforts and for the maintenance, during defense mobilization, of the country's general economic stability." In view of the strong outburst by that staunch defender of democracy and the Democratic Party, Senator Connally of Texas, that "the United States can't support the whole free world and remain solvent," it may be wondered why there should be any bourgeois opposition to a program geared exclusively to serving the military-economic needs of American imperialism. The answer lies in two facets of the program that have not been as well publicized as the immediate request for \$8.5 billion.

It now appears that the \$8.5 billion is intended as only part of a three-year \$25 billion program. Mr. Kennedy, in the same article previously cited, states: "Both Secretary of State Dean Acheson and Secretary of Defense George C. Marshall have estimated that there is little possibility of building up the free world's fighting force on less than the \$8.5 billion the first year, *which would be the first installment of \$25 billion over a three-year spread.*" (Italics mine—T.N.V.) This is approximately twice as large as forecasts made earlier in the year by Administration spokesmen. Admittedly a large portion of Military Assistance funds will go to Asia and the Pacific area.

Again quoting Mr. Kennedy: "The E.C.A. answer to Senator Connally's charge that the United States is spreading itself too thin by going into Asia and the Pacific area is that *production of materials is the great-*

est present problem. To get the materials available in Asia, the United States must give in exchange technical and economic assistance, the agency contends." (Italics mine—T.N.V.)

THE INCREASING DEPENDENCE of American imperialism on foreign sources, chiefly present or former colonial areas, of key raw materials is attributable to many causes. Rapid exhaustion of natural resources, particularly iron ore and petroleum, within the United States, in response to the almost insatiable appetite of the Permanent War Economy for means of destruction and the ability to transport and operate them, is clearly a factor of considerable importance. Along with this has gone the sizable increase in production, coupled with tremendous accumulations of capital, analyzed in previous articles in this series. Historically, however, the decisive factor has been the utter failure of American imperialism to operate in the traditional finance capital manner.

This failure has not been due to any lack of desire on the part of American imperialism to export a sizable portion of its accumulations of private capital, thereby acquiring both markets and sources of primary materials in sufficient quantities to maintain the domestic level of profit and simultaneously to assure a steady flow of those raw materials essential to industry in war or peace. In part, this development has been due to the fateful consequences of the Permanent War Economy. The state, as demonstrated in the May-June 1951 issue of THE NEW INTERNATIONAL, guarantees profits for all practical purposes. The market incentives to export 10 per cent or more of both production and accumulated capital, traditional in the first three decades of the twen-

tieth century, in order to maintain the profitability of industry as a whole, have atrophied to a surprising extent. The state now consumes the largest portion of accumulated capital. The state likewise undertakes by far the major responsibility for capital exports in the form of government loans and grants. The nature of state capital exports is such, with political considerations predominant, that markets and raw materials tend to be reduced in importance.

In largest part, however, the failure of American imperialism to perform according to the early textbooks is traceable to steady dwindling of the world capitalist market. How can American capitalists invest in Chinese tungsten mines, when China has come within the orbit of Stalinism and American capital has been forcefully driven out of China? Such examples of forcible exclusions of American imperialism from important sources of strategic materials could be multiplied many times since the advance of Stalinist imperialism in the post-World War II period.

Even more significant, however, is the fact that in the non-Stalinist world the climate for American investments has not been exactly favorable. Nationalization, confiscation, the threat of expropriation, and a host of other factors have combined to make private American capitalists extremely cautious about investing surplus capital in any foreign enterprise. This was not the case in the 1920's, when American net foreign investments increased about 100 per cent during the decade ending in 1931, at which time they reached a peak variously estimated at between \$15 billion and \$18 billion.

Considering the increases that have occurred in production, accumulation of capital, and the price level, a com-

parable figure for today would be in the neighborhood of \$50 billion! Yet, despite the absence of data, it is clear that *American net foreign investments today are lower than they were in 1931*. What the precise figure is we cannot say, as recently the first such census since before the war was undertaken by the Department of Commerce and the results will not be available for another year. Nevertheless, according to *The New York Times* of May 31, 1951, which reported the news of the new census, "Sample data collected by the Department of Commerce in recent years indicate that the new census will show a value of more than \$13,000,000,000." This figure represents direct investments as distinct from portfolio investments, but it is most unlikely that portfolio investments will be more than a few billion dollars, as bonds of foreign governments have not proved very attractive to American investors after the sad experiences of widespread defaults in the 1920's and 1930's.

The fact of the matter is that, from the point of view of American imperialism, American net foreign investments should be at least three times their present level. But this is a manifest impossibility, both politically and economically. Neither the capital nor the market is available, even if all the necessary incentives were present, which is obviously not the case.

It may be easier to grasp the magnitude of the problem that confronts American imperialism today if we first look at the figures representing the heyday of American imperialism and then compare them with the present situation. The following tabulation portrays the movement of American foreign investments, both gross and net, from 1924 to 1930.

UNITED STATES PRIVATE LONG-TERM FOREIGN INVESTMENTS

1924-1930

(Millions of Dollars)

Year	Total of New Foreign Investment*	Net New Long-term Capital Outflow†
1924	\$1,005	\$ 680
1925	1,092	550
1926	1,272	821
1927	1,465	987
1928	1,577	1,310
1929	1,017	636
1930	1,069	364
Average	1,214	764

*Includes new foreign loans plus new net direct foreign investment.

†Total foreign investment minus amortization receipts and net sales of outstanding foreign securities.

The data are based on *The United States in the World Economy* (U. S. Department of Commerce, 1943) and taken from a paper, "Foreign Investment and American Employment," delivered by Randall Hinshaw of the Board of Governors of the Federal Reserve System before the 1946 annual meeting of the American Economics Association. During this seven-year period, gross foreign investment was never less than \$1 billion in any one year, and averaged over \$1.2 billion annually. The large proportion of portfolio investments that existed resulted in heavy amortization payments which, together with net sales by American investors of outstanding foreign securities, reduced the net foreign investment during this period to an average of \$764 million. The sizable difference between gross and net foreign investment in 1930 is due to the onset of the world crisis and the large-scale liquidation by Americans of foreign investments which, in turn, aggravated the world crisis.

During the 1930's, the world-wide depression, plus the acts and threats

of Nazi imperialism, caused a shrinkage of American foreign investments of about \$4 billion. The Department of Commerce thus estimates total American foreign investments at the end of 1939 at \$11,365,000,000. It is apparent that there was a further decline during the war and, beginning in 1946, a relatively modest increase.

While the estimates of American foreign investments in the postwar period are undoubtedly quite crude, we summarize below the movement of United States private long-term capital (from the June 1951 issue of *Survey of Current Business*) as indicative of the pitifully low levels to which traditional American imperialism has sunk:

OUTFLOW OF UNITED STATES PRIVATE LONG-TERM CAPITAL, 1948-1950
(Millions of Dollars)

Year	Total Outflow of Private Long-Term Capital*	Net Outflow of Private Long-Term Capital†
1948	\$1,557	\$ 748
1949	1,566	796
1950	2,184	1,168
Average	1,769	904

*Includes total of direct foreign investments plus other investments, as loans, and is not comparable to the similar column in the previous table for 1924-1930, which is net of direct investments.

†This column is conceptually comparable to the similar column in the previous table.

While an average net foreign investment of \$904 million appears to be significantly higher than the \$764 million shown for the period 1924-1930, such a conclusion would be totally misleading. In the first place, the higher figure for 1950 is due entirely to a sharp bulge in the third quarter, amounting to \$698 million, which is mostly in the form of portfolio investments, obviously a result

of a sharp flight of capital from the dollar following the outbreak of the Korean war. That this was a temporary phenomenon, not possibly to be confused with any resurgence of traditional American imperialism, is shown by the sharp drop in the fourth quarter of 1950 to a mere \$60 million of net foreign investment. Moreover, the preliminary figure for the first quarter of 1951 is only \$212 million.

In other words, in dollar terms, net foreign investments of American capital are currently at the same level as twenty years ago. While this amount was consistent with the requirements of an expanding American imperialism at that time, today it is nothing but a source of frustration to the policy-makers among the bourgeoisie. For, these exports of private capital are taking place today when gross private domestic investment is averaging about \$40 billion annually or more, and when net private capital formation runs from \$25-30 billion a year. Net foreign investments at present should actually be at least four times their current level in order merely to match the performance of two decades ago. Another way of expressing the same thought is to equate the present volume of net foreign investments to about \$200 million annually to permit direct comparison with the pre-depression period. It is therefore hardly surprising that American imperialism is having difficulties in obtaining adequate supplies of the key raw materials required to keep the economy operating at capacity.

Without doubt, exact information on the changing character and composition of American foreign investments, particularly direct investments, would throw even more light on the raw materials shortage. Unfortunately, it is not even possible to guess at

the profound changes that must have taken place during and since the war. We would expect the trend that manifested itself prior to the war, when between 1929 and 1939 American investments in the Western Hemisphere increased from 59 per cent of the total to 70 per cent, to have continued. To be sure, the Western Hemisphere is not exactly barren of raw materials, but aside from a relatively few projects, in such countries as Venezuela and Bolivia, the emphasis has not been on the mining of strategic minerals. Thus, the disparity between the needs of the Permanent War Economy and the ability of American imperialists to deliver the necessary raw materials may be even greater than the dollar figures on foreign investments would indicate.

THE VACUUM CAUSED BY the paucity of private exports of capital has had

to be filled by the state. That is the primary significance of the Marshall Plan and all other state foreign aid programs. The amounts have been quite sizable, averaging about \$5 billion annually since the end of World War II, even according to the admittedly conservative figures of the Department of Commerce (as reported in the March, 1951, *Survey of Current Business*). The data, by country, are shown in the tabulation on the bottom of this page.

Gross foreign aid by the American government during this period totaled about \$30.2 billion, but reverse grants and returns on grants plus principal collected on credits equaled \$2.4 billion, bringing the net total to \$27.8 billion. How much of the \$9.2 billion of credits will be returned and how much will ultimately assume the status of outright gifts remains to be seen. It is interesting to note, how-

ever, that as of December 31, 1950, according to the Department of Commerce, "World War I indebtedness [owing to the United States government] amounted to \$16,276 million, of which \$4,842 million represented interest which was due and unpaid."

It is also pertinent to observe that preliminary figures for the first quarter of 1951 indicate that net foreign aid exceeded \$1.1 billion, amounting at an annual rate to about \$4.5 billion for the year. The probability is that the actual figure will exceed \$5 billion, as the transition from economic to military aid is well under way.

With two-thirds of net grants and almost 90 per cent of net credits having gone to Marshall Plan countries, the result has been that these major allies being sought by American imperialism have received almost three-fourths of total net foreign aid extended since the end of World War II. Clearly, there is room for expansion of aid in many directions to hoped-for and deserving allies, actual or potential. Nor will the fact that almost one-half of total net foreign aid has been awarded to Britain, France and Germany escape the attention of those who appreciate the full significance of American military-economic strategy.

The policy of purchasing allies with government grants and credits in order better to contain expanding Stalinist imperialism did not originate with the Marshall Plan, which began operations in April 1948. As a matter of record, more than one-half of total net foreign aid (\$14.5 billion out of the \$27.8 billion total) was disbursed prior to the launching of the Marshall Plan. The Marshall Plan merely continued an already established policy by changing somewhat the form of aid and creating a

new agency to administer it.

Some of the major categories that received foreign aid (on a gross basis) prior to April 1948 are:

	(Millions of Dollars)
Special British loan	\$ 3,750
UNRRA, post-UNRRA, and interim aid	3,172
Civilian supplies	2,360
Export-Import Bank loans	2,087
Lend-Lease	1,968
Surplus property (incl. merchant ships)	1,234
TOTAL	\$14,571

Thus, these six categories accounted for the overwhelming bulk of foreign aid prior to the E.C.A. program. They reveal quite clearly the unique rôle of "relief and rehabilitation" under the Permanent War Economy. It will be recalled that from 1946-1950 (see "Basic Characteristics of the Permanent War Economy" in January-February, 1951, issue of *THE NEW INTERNATIONAL*) indirect war outlays played a crucial rôle in maintaining the ratio of war outlays to total output at the 10 per cent level. Virtually equal in magnitude to direct war outlays, indirect war outlays were indispensable in maintaining the Permanent War Economy at a successful rate. And expenditures for relief and rehabilitation averaged about one-third of total indirect war outlays during this period. As a matter of fact, there is good evidence to believe that if proper valuation were given to Army-administered supplies, especially in Germany and Japan, the rôle of relief and rehabilitation would be even greater than the figures indicate.

Naturally, a large portion of the billions of dollars spent for relief and rehabilitation fulfilled humanitarian purposes. Nor is it possible or

FOREIGN AID BY COUNTRY, July 1, 1945 Through December 31, 1950

(Millions of Dollars)

Country	Net Grants*	Net Credits†	Net Foreign Aid
Belgium-Luxembourg	\$ 509	\$ 174	\$ 683
Britain	1,523	4,487	6,010
France	1,873	2,037	3,910
Germany	3,026	67	3,093
Greece	1,100	98	1,198
Italy	1,689	357	2,046
Netherlands	549	381	930
Turkey	166	82	248
Other ERP Countries	1,837	327	2,164
ERP SUB-TOTAL	12,272	8,010	20,282
Other Europe	1,088	451	1,539
American Republics	135	219	354
China-Formosa	1,567	116	1,683
Japan	1,706	14	1,720
Korea	333	21	354
Philippines	655	100	755
All Other Countries	851	265	1,116
GRAND TOTAL	\$18,607	\$9,196	\$27,803

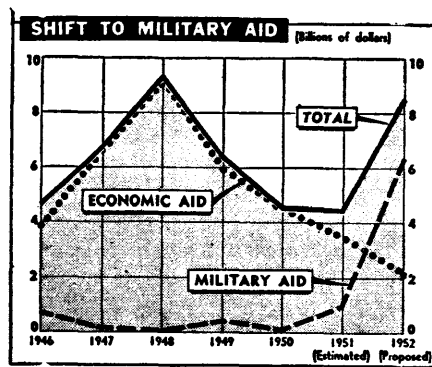
*Assistance that takes the form of an outright gift for which no payment is expected, or which at most involves an obligation on the part of the receiver to extend reciprocal aid to the U. S. or other countries.

†Assistance under an agreement that calls for ultimate repayment.

necessary to assess the motives that animated Washington at this time. The decisive fact is that relief and rehabilitation expenditures accomplished what private export of capital could not. The state began to acquire a major interest in foreign economic programs, as well as to relieve any pressure that might develop due to the rapid accumulation of capital. If, in the process, recipients of state foreign aid were "persuaded" to grant American imperialism military bases and to pursue various political and economic policies desired by Washington, so much the better. The *quid pro quo* generally present in American foreign aid programs became even more obvious with the launching of the Marshall Plan. Objectively, therefore, state foreign aid has served to fill the void left by the failure of private capital to function in a traditional imperialist manner and has served to bolster the political program of American imperialism.

ADMITTED MILITARY AID is now rapidly supplanting economic aid. In reality, of course, the entire foreign aid program directly or indirectly contributes to the grand strategy of American military policy. In this respect, state intervention in the foreign economic field parallels, and even leads, state intervention in the domestic economy, as increasingly a higher proportion of state expenditures are for "defense" purposes. While it is true that the program officially labeled "Mutual Defense Assistance Program," apparently to be called by Congress "Mutual Security Program," spent the \$516 million included in the total foreign aid analyzed above in the year 1950, it would be a mistake to conclude that admitted military aid occurred only

during the past year. For example, there is the so-called Greek-Turkish aid program, which by the end of 1950 had disbursed some \$656 million. Of this amount, \$165 million was spent prior to the launching of the Marshall Plan, \$258 million during the last nine months of 1948, \$172 million in 1949, and \$61 million in 1950. That this program has been overwhelmingly military in character can hardly be denied. Other programs, such as China, smaller in monetary cost, could be mentioned. As the chart shows, even on the official definition, there has always been some military aid since the end of World War II. Through the first quarter of 1951, military foreign aid has admittedly reached \$2 billion. In reality, of course, the figure has been much higher, and now openly exceeds so-called foreign economic aid.



From the *New York Times*, Aug. 5, 1951

By 1952, admitted military foreign aid is expected to account for three-fourths of total foreign aid. This is without half a billion dollars for overseas bases, included in the military construction program. Officially labeled economic foreign aid, which reached a peak exceeding \$8 billion in 1948, and has been averaging about \$5 billion annually, will decline to an estimated \$2 billion. On this basis,

even a recalcitrant Congress may be expected to continue to vote for these sizable outlays without too much difficulty. The possibilities of further increasing state foreign aid through pouring dollars into the bottomless pit of "mutual security" are clearly almost without limit.

Increasing war outlays have no lack of justifications from the apologists for and representatives of the bourgeoisie. For sheer brazenness, however, we doubt that the reasons attributed to E.C.A. administrator Foster as justifying the shift from economic to military aid can be equaled.

The arguments forwarded by the administrator at that time [July 1950, as reported by Mr. Kennedy in the aforementioned dispatch to the *New York Times*] have become more elaborate in proportion to increasing international tension, but *basically they are the same arguments now being posed*. These are:

(1) *Most of the Marshall Plan participating countries are now far enough advanced economically to direct their attention from internal problems to those of possible aggression.*

(2) *An economy that has been restored must progress in the assurance of protective strength.* (Italics mine—T. N. V.)

While comment would be entirely superfluous, under this line of reasoning economic aid would necessarily have to be a prelude to military aid. American imperialism has no choice, nor does it grant any choice to its satellites. The slogan, publicly and privately, becomes: "Join our military camp, or no aid." While Washington is unduly sensitive to the term, here is a classic expression of imperialist coercion, albeit with new motives and new methods, but with the same tragic results of war, misery and starvation for the masses of humanity.

As we have previously observed, the Permanent War Economy becomes increasingly international in scope,

bringing within the orbit of American imperialism every industry and population as yet outside of the orbit of Stalinist imperialism. A detailed analysis of the increase in the ratio of war outlays to total production in England, France and the rest of the non-Stalinist world is unnecessary, nor does space permit. It suffices to point out the rapid rate of increase in the "defense" budgets of the North Atlantic Treaty powers in 1951 as compared with 1950. These increases, according to the *New York Times* of May 27, 1951, are: Norway, 117 per cent; Denmark, 67 per cent; United Kingdom, 53 per cent; Italy, 53 per cent; France, 45 per cent; and the Benelux countries, 39 per cent. Nor are the bases from which these increasing military expenditures start entirely negligible in terms of the proportion of total output already devoted to means of destruction. The Wilson report, for example, states: "Our European allies have increased their planned rate of defense expenditures from approximately \$4.5 billion a year prior to the Korean conflict to almost \$8 billion in 1951. Higher spending rates are projected for subsequent periods."

It is no wonder, therefore, that Western European capitalism, operating on such an unstable foundation compared with the United States, has already experienced an inflation exceeding the American during the past year. The social consequences in every country, particularly Britain, are profound, but outside the scope of our analysis. Moreover, because of the dominant position of America in the world's markets, especially in the present scramble for critical raw materials, the economies of every non-Stalinist country, even those with considerable nationalization and far-reaching state controls, are at the mercy of every

whim and vagary of Washington, planned or capricious. Under the circumstances, the low state of American popularity throughout the non-Stalinist world should not be a surprise to the American bourgeoisie.

THE IMPACT OF THIS NEW PHASE OF American imperialism is far broader in its foreign implications than would appear merely from an analysis of the increase in armaments budgets throughout the world, or from the changes in national economies resulting from inflation and steadily increasing state intervention. Precisely because the new method of sustaining American imperialism is geared to the needs of American military strategy, the ultimate consequences may be so far-reaching as to destroy the remaining foundations of capitalism. To combat a Stalinist imperialism operating from the base of bureaucratic collectivism, with its ability to subordinate all its satellite economies to the demands of Moscow and to standardize military equipment, procurement and transportation, requires a more or less comparable "internationalization of war preparations" on the part of American imperialism and its more indispensable allies in Western Europe.

It may still be possible in some circles to question the relative superiority of a nationalized economy over competitive capitalism in ordinary matters of production and distribution, but in the conduct of modern war, and therefore of war preparations, even a bureaucratic, brutal and horribly inefficient Stalinism is incomparably more successful in achieving the necessary coordination and integration of its war-making potential, due to its collectivist base, than the most highly developed capitalist nations could ever hope to achieve with-

out vast structural changes. Under the impact of common financing, centralized administration cutting across national boundaries, standardization of armaments, and pooling of production resources—all of which are indispensable if American imperialism has any hopes of defending Western Europe against Stalinism—national sovereignty must be subordinated to the superior power, economic and military, and wisdom emanating from Washington and its representatives, especially Eisenhower.

A remarkable article on this entire problem, by its chief European economic reporter, Michael L. Hoffman, appeared in the *New York Times* of Aug. 5, 1951. Its analytical portion is worth reproducing in full:

Nobody can foresee with anything like exactness just how this [a common military budget and a common military procurement administration] would affect the economy of Europe. But European and United States economists have considered the matter fairly carefully already, and the following are some of the consequences that can now be predicted with some degree of confidence.

For practical purposes, *national parliaments would lose control of from one-third to nearly half of their own national budgets.* They could complain, or refuse to vote taxes, or make all kinds of other trouble, but *once in the European army a government would pretty much have to accept its defense burden as given.*

It would be quite inconceivable that this degree of rigidity could be introduced into national government budgets without bringing in its train a *far greater degree of coordination in budgeting generally than exists now.*

Every participating country would acquire suddenly an *entirely new kind of interest in its neighbors' prosperity.* It is true now, but not very deeply burned into the consciousness of most people, that Germany cannot thrive without France, France without Italy, and so on. This would become obvious if the taxpayers saw their burdens mounting because some other country could not support a larger share.

Discussions of trade and monetary policy would take place in an entirely new atmosphere, in which everybody would be forced to keep an eye on Europe as a whole.

It could be expected, at the very least, that the duplication and misdirection of investment caused by uncoordinated national armament programs would be reduced greatly. The range of industry affected by military procurement under modern conditions is so great that a unified procurement service for a European army would become the outstanding "market" for a large number of European industries.

It has been Europe's experience for ages that the growth of armed forces under the control of governments with sovereignty over larger and larger territorial units generally has been followed by the establishment of currencies, commercial law and other social institutions on a larger and larger territorial basis.

There is nothing inevitable about this progression, but those European and United States leaders and officials who have been convinced of the necessity for getting rid of national barriers to economic expansion in Western Europe like to believe that the "law" will work once again. (Italics mine—T. N. V.)

In reality, of course, such integration and coordination as may be achieved in Western Europe can only occur under the stimulus, organization and direction of American imperialism. European capitalism is long since incapable of saving itself. Were it not for the aid and support received from the American bourgeoisie, the European bourgeoisie would have abdicated or been overthrown. Far-fetched and alarming as it may seem, the Kautskyian theory of "ultra-imperialism" may yet see its realization, in the event the Third Camp fails to intervene actively in the course of history before it is too late, in the form of world hegemony being achieved by either American or Stalinist imperialism.

The rôle of military aid in the new phase of American imperialist devel-

opment will be even more pervasive and all-embracing than the rôle of relief and rehabilitation. With overriding priority over materials, production facilities and manpower, military aid appears to be the vehicle that will permit American imperialism to complete its task of subjugating the economies of the lesser capitalist imperialist powers, of controlling their basic international policies, of influencing their domestic policies, and, above all, of dominating their colonial markets and trade. Naturally, there will be struggles, intense social conflicts, in many countries where the ability and will to resist subordination of legitimate class and national interests to Washington remains. Stalinism will naturally seek to exploit these contradictions wherever they appear. What the outcome of these complex stresses and strains will be may well determine the course of history for decades. Of one thing, however, we may be absolutely certain: the restoration of traditional American finance capital imperialism to sound health is excluded.

THE NEW POLICY OF AMERICAN imperialism, judging by its most eminent official and private spokesmen, is heartily in favor of the bloodless conquest of Europe and its empires, yet it seeks to accomplish this strategic aim by emphasizing the old, traditional methods, while paying lip-service to the new methods imposed by the exigencies of the times. The objective of European political union, with implied American control, has been voiced by innumerable leaders of the American bourgeoisie. Notable among these has been Mr. R. C. Lefingwell, head of the House of Morgan, who in an article in *Foreign Affairs* for January 1950, entitled "Devaluation and European Recov-

ery," states: "Monetary union without political union is impossible. There cannot be a common currency without common sovereignty and a common parliament and common taxes and common expenditures."

Or, in the more oblique language of the Gray report (recommendation 21): "The United States should help to strengthen appropriate international and regional organizations and to increase the scope of their activities. It should be prepared, in so far as practicable, to support their activities as the best method of achieving the economic and security objectives which it shares with other free nations."

In the area of investment policy, the key to imperialist activity and perspectives, the language of publicly enunciated foreign economic policy more clearly parallels that of private sources. Leffingwell, for example, in the article cited above, comments on the fundamental contradiction of American imperialism as a creditor nation with a large favorable balance of trade, as follows:

As a creditor nation, our tariffs should be for revenue only, except where needed to protect industries essential for the national defense. . . . What we need to do is to increase our imports more than we increase our exports. . . . Private American foreign investment would help. Indeed, the fundamental trade disequilibrium is so great that the international accounts can scarcely be balanced without great American investment overseas, both public and private. . . . If American foreign investment is to be encouraged, our government and foreign governments must reverse their policies and give firm assurance to American investors that their investments will be respected and protected, and that they may hope to profit by them, and collect their profits.

Almost as forthright is the Gray report:

Private investment should be considered as the most desirable means of providing capital and its scope should be widened as far as possible. . . . Further study should be given to the desirability and possibility of promoting private investment through tax incentives, in areas where economic development will promote mutual interests, but where political uncertainty now handicaps United States private investment.

Two specific steps are advocated for immediate action to stimulate private investment:

"(a) The negotiations of investment treaties to encourage private investment should be expedited; (b) The bill to authorize government guaranties of private investment against the risks of non-convertibility and expropriation should be enacted as a worthwhile experiment."

Since all this encouragement of private investment may be expected to remain confined to paper, the Gray report also places "heavy reliance" on public lending, and seeks to "make sure that our own house is in order—that we have eliminated unnecessary barriers to imports, and that our policies in such fields as agriculture and shipping are so adjusted that they do not impose undue burdens on world trade."

Here, again, the public spokesman must be more circumspect than the private. Says the Gray report: "With respect to our own agricultural policies we should, over the long-run, attempt to modify our price support system, and our methods of surplus disposal and accumulation of stocks, in ways which, while consistent with domestic objectives, will be helpful to our foreign relations." Such double-talk, together with the limitation proposed for shipping subsidies, is, of course, aimed at achieving the same objective as Leffingwell: abandonment of the American farmer so that indus-

try may resume its customary exports of commodities and private capital.

EVER SINCE 1917, WHEN THE UNITED States became a creditor nation, the basic contradiction inherent in a finance capital imperialist nation exporting private capital while simultaneously maintaining a substantial export surplus in commodities and services has become more acute. The essence of the problem is clearly the necessity to make it possible for recipients of American private capital to pay the carrying charges, to remit the profits, and ultimately to repay the loans and investments. In the 1920s the problem was solved through large-scale remittances abroad of recent immigrants to the United States, coupled with ultimate repudiation of a substantial portion of American-held foreign securities.

In the long run, however, *if American imperialism is to function in the traditional manner*, the United States must import more than it exports; i.e., it must acquire an unfavorable balance of trade sufficient to cover the tribute exacted by American capital. To be sure, remittances of gold tem-

porarily help to achieve the necessary balance, but the United States has long since acquired the overwhelming portion of the world's gold supply. Foreign countries, fundamentally, can only earn the dollars they need by carrying the majority of trade in their own ships, by inducing American tourists to spend a sizable amount of dollars abroad, and by exporting more commodities to the United States than they import from the United States. Since, with relatively few exceptions, foreign countries cannot compete with American manufacturers, they are reduced to exporting to the United States raw materials, minerals and farm products.

When England was confronted with a similar problem in 1847, she repealed the "Corn Laws," permitting foreign wheat and other agricultural commodities to be imported into England without tariffs. The result was the abandonment of British agriculture, accompanied by a gigantic increase in industrial output. Perhaps, if the Farm Bloc were not so strong, American imperialism might have been able to achieve a classic solution of its crucial imperialist contradiction.

AMERICAN EXPORTS AND MEANS OF FINANCING, 1948-1950
(Millions of Dollars)

Item	1948	1949	1950
Exports of goods and services	\$16,967	\$15,974	\$14,425
<i>Means of Financing</i>			
Foreign sources:			
United States imports of goods and services	10,268	9,603	12,128
Liquidation of gold and dollar assets	780	—60	—3,645
Dollar disbursements (net) by:			
International Monetary Fund	203	99	—20
International Bank	176	38	37
United States Government:			
Grants and other unilateral transfers (net)	4,157	5,321	4,120
Long and short-term loans (net)	886	647	164
United States private sources:			
Remittances (net)	678	522	481
Long and short-term capital (net)	856	589	1,316
Errors and omissions	—1,037	—785	—156

It is, however, politically impossible and historically too late to solve the problem in this manner. The experience of the last few years indicates the only way in which American imperialism can hope to continue to maintain an export level between five and ten per cent of total output, as the following data (from the June, 1951, *Survey of Current Business*) show (see table on p. 245).

American exports of almost \$17 billion in 1948, almost \$16 billion in 1949, and more than \$14.4 billion in 1950 amounted to 7 per cent, 6.8 per cent, and 5.6 per cent, respectively, of net national product. This is relatively less than the ratio that "normally" prevails with the exception of years of deep depression. Its importance cannot be measured simply by reference to the absolute amounts involved. For many industries and, by and large, for the economy as a whole, the profitability of the remaining 90-95 per cent of output that is sold on the domestic market depends on maintenance of these exports. It is not only that exports make possible indispensable imports, but that surplus value is created at every stage in the process of production. Elimination of all exports, aside from certain obviously serious political and economic consequences, would not merely reduce profits of certain industries, possibly sending them into bankruptcy, but would immediately lower drastically the rate and mass of profit for all industry, and with cumulative effects.

Even though imports have been at the \$10 billion level, the visible surplus in the balance of payments for commodities and services was \$6.7 billion in 1948, almost \$6.4 billion in 1949, and \$2.3 billion in 1950. The narrowing of the gap in 1950 is due more to the rise in imports as the

scramble for raw materials developed after the outbreak of the Korean war than to the fall in exports. It was more than offset, however, by the flight of gold and dollars from America as "hot" money sought the greater safety of haven in Uruguay and other places.

It is clear that American government funds have been decisive in maintaining exports. Obviously, without state foreign aid, exports would have been some four or five billion dollars less, which in turn would have had a severely depressing effect on both the American and world economies. It is equally evident that if you give the purchaser the means with which to buy what you have to sell, you can continue to do business as long as you are able to maintain your customer's purchasing power. This is equivalent to a perpetual subsidy in the present case by the American state on the order of \$5 billion annually. How long American imperialism can maintain foreign subsidies of this magnitude, now to be increased to a level of \$8 billion as foreign aid shifts from predominantly economic to military commodities, is uncertain, but there is a limit and there will be a day of reckoning.

An increase of American foreign investments "from the present \$1,000,000,000 a year to a minimum of \$2,000,000,000 a year," as called for by the Rockefeller report would not begin to solve the problem of the dollar gap. Moreover, as American foreign investments accumulated over the years, assuming that any such recrudescence of traditional American imperialism was possible, the interest and dividend bill would likewise increase, and foreign countries would eventually be even shorter of dollars than at present. Let us not forget that the returns of capital invested abroad historically are much greater than the

domestic rate of profit. That is one of the chief attractions of finance capital imperialism. An example of current profitability is provided by the report "that the Prince of the Kuwait Sheikdom has rejected a new offer of the Anglo-American-owned Kuwait Oil Co. to boost his oil royalties. . . . The offer of the company was to up the royalties from four and a half shillings to 25 shillings (63 cents to \$3.50 a ton)." (*World Telegram and Sun*, Aug. 6, 1951.) In other words, to forestall any desire to emulate the nationalization action of Iran, the Kuwait Oil Co. is able to offer an increase of 450 per cent in the royalty paid. The Prince of Kuwait is said to have rejected this offer and to be holding out for a 50-50 split of profits!

Barring a sharp rise in privately-financed imports, which is virtually impossible, American imperialism is forced to place its main reliance in achieving practically every objective of foreign economic policy on continued state aid. Private foreign trade and investments, as in the case of domestic profits, are in effect guaranteed by the state, and the state itself must make good the failure of private investment through permanent gifts and loans.

IN PROMULGATING THE POINT FOUR program on Sept. 8, 1950, Truman declared: "Communist propaganda holds that the free nations are incapable of providing a decent standard of living for the millions of people in the underdeveloped areas of the earth. The Point Four program will be one of our principal ways of demonstrating the complete falsity of that charge." The mountain has labored and brought forth a mouse. Thirty-four and a half million dollars was appropriated for the first year. The appropriation for the second year will

be considerably less than the \$500,000,000 recommended by the Gray and Rockefeller reports. Inasmuch as the Gray report was devoted to foreign economic policy as a whole, while the Rockefeller report concentrates on development, it is to the Rockefeller report that we must turn for an authoritative statement of American hopes and policies in this field.

"The people who live in what have been termed the underdeveloped areas of Latin America, Africa, the Middle East, Asia and Oceania need our help and we need theirs," states the Rockefeller report. Point Four is thus not entirely a one-sided and exclusively humanitarian venture. "Considered from the point of view of the strategic dependence of the United States on these regions, *it must be emphasized that we get from them 73 per cent of the strategic and critical materials we import—tin, tungsten, chrome, manganese, lead, zinc, copper—without which many of our most vital industries could not operate.*" (Italics mine—T. N. V.)

The major recommendation is, consequently, an expansion of Point Four:

A balanced program of economic development calls for simultaneous progress in three broad fields of economic endeavor. Along with the production of goods—which is a job for private enterprise—must go public works, such as roads, railways, harbors and irrigation works; also improvement in the basic services, like public health and sanitation, and training people in basic skills. *The financing of both the public works and these basic services are largely governmental functions.*

The Gray Report on United States foreign economic policy, submitted to the president last year, recommended that United States economic assistance to the underdeveloped areas be increased "up to about 500 million dollars a year for several years, apart from emergency requirements arising from military ac-

tion." The advisory board believes that the expenditure of \$500,000,000 in these areas is justified. (*Italics mine—T.N.V.*)

How an expenditure of 50 cents per person annually can have any material effect in raising living standards in the colonial areas is carefully avoided, as there is opposition within the bourgeoisie even to this pathetically small amount. Consider the following from the August 1951 Monthly Letter of the National City Bank: "The difficulty with development is not lack of money, but such factors as lack of skills to use modern machinery, political instability, prejudice against foreigners, onerous taxation and arbitrary limits on business profits. It is doubtful if the American taxpayer should venture, through the Export-Import Bank, where neither the private capitalist nor the World Bank has dared to tread."

Earlier, we pointed out that the Rockefeller report, like the Gray report, places its main reliance on stimulating private investment. While "a full kit of financial tools" is recommended, as usual it is the matter of tax incentives that is most revealing:

Adoption of the principle that income from business establishments located abroad be taxed only in the country where the income is earned and should

therefore be wholly free of United States tax.

To avoid any drop in tax revenue during the emergency we recommend that only new investment abroad be freed of United States tax during the present emergency. As soon as the emergency is lifted the exemption should be extended to future income from investment abroad regardless of when the investment was made.

This would apply to corporations. Individuals would receive only partial exemption.

It may be anticipated that such tax concessions will not be very popular. Together, however, with the guaranties offered in the Gray report, it is clear that the bourgeoisie is desperately seeking every expedient to restore its former position. The sentiments underlying the humanitarian side of Point Four should not be minimized. They correspond to a vast yearning by the majority of the human race for emancipation from misery, starvation and exploitation. A socialist America could make real strides in helping the underdeveloped areas rapidly to overcome the backwardness imposed by centuries of feudal and imperialist exploitation. But a capitalist America can do little more than produce reports and a pittance of genuine aid.

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