

FROM THE PUBLISHER TO THE READER

This is Chapter IV of *MUST WE STARVE?*, a book by Scott Nearing dealing with the world economic crisis. Its table of contents is printed at the end of this pamphlet.

It is reprinted by the publishers and is being distributed in this form to give you an idea of the quality of this unusual book. Foot notes and bibliography have been omitted from this reprint. They will be found complete in the original volume.

We are convinced that when you have read these pages, you will not be satisfied until you have secured a copy of *MUST WE STARVE?* and read it through from cover to cover. The book is packed with information that you need to know.

This is not an academic monograph, but a handbook and a guide to action. It will fulfill its purpose only in so far as it convinces men and women that the one sensible way out of the present world dilemma lies through a socialized, planned, world economy.

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THE ONE WAY OUT

1. THE MARXIAN ANALYSIS

THE ONLY possible alternative to the planless economic chaos of maturing or declining capitalism is a forward move to the next stage of economic development, in which the center of economic concern is no longer the owner and the profiteer, but the worker and the creator. This advance to a higher stage will extend the economic horizon and will release new economic possibilities.

Human beings in the past have secured their livings in many different ways. They have picked berries and fruits; hunted and fished; domesticated animals; cultivated the soil; converted clay into utensils; shaped metals into implements and weapons; busied themselves with trade; changed and loaned money. During historic times several of these livelihood methods have been combined into a village economy, a city-state economy, a national economy or an imperial economy. The national economy was more complex than the economy of the city-state. Imperial economy was still more involved. The terms, "tribal," "village," "national," as applied to economy, are used to show that the livelihood activities of the people center in these particular units of social organization.

The type of economy varies. Village economy still predominates in Asia, although national economy has developed to some extent. National economy predominates in the Balkans and in parts of Latin America. Imperial economy has replaced national economy in western Europe, the United States and Japan.

Changes in the type of economy correspond to the changes in the means of producing a livelihood. These in turn are the result of invention and discovery.

The inventions and discoveries of the past two hundred years have transformed the means of producing livelihood by developing power-driven machinery and by utilizing electric energy. The result has been a profound and rapid change in the form of economy.

The nineteenth century world was dominated by imperial economies competing with economic, political and military weapons for world supremacy. Each imperial economy, in its turn, was dominated by a system of competitive monopolies, privately owned and run for the profit of a ruling class which carried on its exploited activities behind tariff protected and fortified national and imperial boundaries.

The twentieth century has witnessed the development of a new type of economy. Within the Soviet Union, hedged about by bitter hostility and subject to boycott and military attack, the working masses have begun to build a socialized, planned economy, using the machine technique and the methods of organization developed in the industrial empires, but directing them toward social well-being instead of private profit. The notable advances made by Soviet economy during the world economic crisis that began

in 1929 suggest the possibility of speedily extending this economic method to a world scale, and using it to feed, clothe, house and educate the human race.

Such an advance necessitates the abandonment of capitalism. The collapse of the capitalist system and the rise, in its place, of a co-operative world was foreseen by Karl Marx, the great nineteenth-century advocate of scientific socialism. He and Frederick Engels, writing in 1848, predicted the present economic impasse. Later, in his book *Capital*, Marx gave in detail his reasons for believing that capitalist society would be destroyed by its own internal weaknesses and contradictions.

Marx pointed out that the three foundation stones of capitalism are:

1. A relatively small class owning the means of production and deciding economic and political policy.
2. A system of production for profit under which the workers are compelled to turn over the surplus of their product to the capitalists, who consume a portion of their profit and invest the balance in new fixed capital forms.
3. Competitive production for an unknown and therefore an undetermined market.

Since the object of capitalist production is profit, and since rival capitalists are always competing for an unknown market, they will arrive periodically at a point of market glut or over-production, where the potential productive capacity is far greater than purchasing power. When this point is reached, production will slow down and prosperity will give way to recession and depression.

In the long run, Marx argued, the depressions must become deeper, and returns to prosperity briefer and

shorter, until capitalist society has exhausted its possibilities. Then would follow chronic depression, a permanent surplus of capital and population, a decrease in the rate of profit on capital, and the decline of the standard of living of the workers. From this general crisis, capitalism would be unable to recover and would be destroyed by the intensity of its own contradictions.

Capitalist countries, for more than a century, have passed again and again through cycles of alternating prosperity and depression. As capitalism matured, however, it extended itself into colonial areas—opening markets, investing capital, building up the extractive industries, transport, trade and manufacturing. This extension of the area of capitalism multiplied and intensified the internal contradictions of the system. Instead of future depressions affecting only the countries of western Europe and North America, they were bound to be world-wide. Such, indeed, proved to be the case in the years following 1920. Instead of business as usual, the entire capitalist world suffered from severe paroxysms of depression.

At this point Lenin took up the theme, arguing in his essay on *Imperialism* that the extension of capitalism, in the form of imperialism, is a normal phase of capitalist development. The capitalist system gradually evolved from a small-scale, competitive phase into a large scale monopoly or trust phase. Large scale monopoly enterprises, using automatic machinery and scientific methods, easily and quickly overstocked the home market. When this point was reached, nothing remained but to market surplus goods and capital in foreign countries, until they too were as heavily overstocked as the home market.

So long as there were still undeveloped fields either at home or abroad for capitalism to exploit, it could go on expanding into these new fields. Since the area in which colonial development could take place was limited, its capacities were soon exhausted and after that the rival capitalist groups in various nations struggled fiercely for control.

In order to find markets for the growing stream of industrial products, and investment opportunities for the growing volumes of new capital, capitalists were compelled to rationalize production, to build monopoly combinations and to fight with their rivals for the control of food areas, resources, transport facilities and markets. Lenin in his essays on *The Imperialist War* showed that the War of 1914 was fulfilling exactly this purpose. Capitalism had exhausted its historical possibilities. It had fulfilled its historic function. Its further operation cost the human race more in waste and suffering than it returned in well-being.

The continuance of capitalism beyond this point involves war, more frequent and more severe periods of hard times, increased exploitation, and a progressive degradation of the mass standard of life. Thereafter capitalism must disintegrate and disappear.

It was on this historic analysis that the spokesmen of the Communist International based their predictions of the speedy collapse of capitalist prosperity.

The Sixth World Congress of the Communist International met in Moscow during the summer of 1928. Capitalist economy was booming, and its spokesmen were boasting of their achievements and predicting an era of enduring prosperity. The Communist International saw the problem differently.

The resolution on the world economic situation, adopted after a long and careful debate in which men and women from all parts of the world participated, described the years from 1924 (the adoption of the Dawes Plan) to 1928, as the period of capitalist stabilization. The resolution, under the heading "The technique and economies of world industry" then proceeded to an examination of the character of this stabilization.

First, the advance in industrial technique and the spectacular gains in production were analyzed. These advances—the direct result of rationalization—had restored capitalist economy to a point where it was able to equal or to exceed pre-war production levels. They were accompanied, however, by a rapid development of capitalist monopoly forms that concentrated the wealth, income, and purchasing power of capitalist society in fewer and fewer hands.

Second, the resolution pointed out the fundamental contradictions between this rapidly growing production on the one hand, and on the other the decrease in standards of living and hence of purchasing power of the wage working masses in capitalist countries and of the colonial peoples. As a consequence "the growing productive forces of capitalism come more and more into conflict with the restricted internal markets". This situation means the ultimate collapse of capitalist prosperity, since "the successes achieved in technique and organization have helped to create chronic mass unemployment in the leading countries", with its consequent reduction in purchasing power.

"Under such conditions the problem of markets and spheres of investments becomes extraordinarily acute. . . . Therefore, the development of the contradictions

of capitalist stabilization inevitably leads, in the final analysis, to the present stabilization period growing into a period of gigantic cataclysms".¹

Inprecor for July 3, 1930 (pp. 550-1) quotes a speech by Josef Stalin, dealing with the economic outlook of the capitalist world. "The Bolsheviks maintained that the development of technics in the capitalist countries, the growth of the forces of production and of capitalist rationalization, under the conditions given by the restricted standard of living of the million masses of workers and peasants, was bound to lead to an economic crisis of the utmost cruelty". Stalin then pointed to the concentration of wealth and income in the hands of the owning class, and to the reduced purchasing power of the masses. "Hence the over-production crises. Hence the well-known consequences, repeating themselves more or less periodically, causing the goods to remain unsold, production to decline, unemployment to increase, wages to fall, and the contradiction between the level of production and the level of solvent demand to increase. An over-production is the appearance of these contradictions in tempestuous and destructive forms".

Stalin made this statement at the same time that Hoover, Mellon, Schwab, Farrell, Ford, Fisher, and other capitalist spokesmen were predicting a speedy return to prosperity. Subsequent events have showed that Stalin knew what he was talking about and that the capitalist spokesmen did not.

Reporting on the world economic situation, at the Sixth All-Union Soviet Congress in March, 1931, Molotov said: "The extremely acute economic crisis now advancing in the capitalist countries brings with

it an extraordinary intensification of all the contradictions inherent in capitalism. . . . It is now clear that the appraisal given by the Communists from the very beginning of the international economic crisis is completely confirmed by facts. As opposed to the opinions of the bourgeois economists and statesmen, the crisis has not only not diminished in the course of the last year and a half, but has increased in acuteness. . . . The year 1931 not only failed to bring the slightest sign of improvement in the economic situation in the capitalist countries, but evidenced precisely the contrary. The crisis has increased in acuteness. It has not yet reached its lowest point. During the last few months there has been a conspicuous increase in the number of bankruptcies of capitalist firms and banks. The lowest point of the economic crisis is still ahead".²

The Eleventh Plenary Session of the Communist International Executive Committee heard a report by Manuilsky which summed up the communist attitude toward the economic crisis: "What did we communists say in our official documents at the beginning of the crisis? The resolution of the Presidium of the E.C.C.I. (February, 1930) placed on record firstly, that the crisis is deepening social contradictions with terrific force, that it is giving rise to a fierce attack by capital on the working class, and as it develops further it will give rise to a still fiercer attack. Thirdly, we said that 'the crisis is deepening the general crisis of the capitalist system, is sharpening its internal and external contradictions, is breaking down the shaky stabilization of capitalism and accelerating the tempo of the revolutionary upsurge, both in the capitalist countries and in the colonies.' Fourthly, we said that 'along with

the successes of socialist construction in the U.S.S.R., the crisis is changing the correlation of forces of the two world economic systems in favour of the world revolutionary movement'".³

Eugen Varga opens his survey of economics and economic policies in the fourth quarter of 1931 with these words: "The economic crisis of the world is now entering upon its fourth year. An analysis of facts shows that its end is still far distant".⁴

The conclusion is obvious. Stalin states it in four sentences:

1. "The economic crisis is the compulsory result of capitalism".
2. "These crises came into the world simultaneously with the birth of capitalism".
3. "Within the confines of capitalism, crises can be neither prevented nor removed".
4. "In order to exterminate the crisis, we must exterminate capitalism".⁵

These four sentences cover the entire argument of those who hold that the masses who bear the brunt of hardship imposed by capitalist crises have no recourse save in wiping out the entire economic structure built upon competitive struggle for profit in a free market.

2. PURPOSIVE ECONOMICS

The abandonment of capitalism is the first step in the building of a purposive economy. Under a system of laissez-faire the capitalist has been left free by organized society to profiteer as he likes. "Less government in business" is the popular slogan based on this doctrine.

As capitalism matured, constant inroads were made on the laissez-faire theory. Business secured government assistance in the form of corporate charters and privileges, tariffs and other subsidies, and police protection. In another field, government regulation restricted various aspects of business. Still, when all was said and done, even in the later stages of finance capitalism, business was substantially free from government interference. Business decisions, involving major economic policy, were made by groups of private business men, government practice was brought into conformity with their policies, and the object of the whole economic process was profit for the private owners of the means of production.

Purposive economics differ completely from laissez-faire economics. The laissez-faire economist is an apologist for profiteering. The purposive economist is an engineer, working with the producers to raise the standard of living.

The premises of purposive economics may be summed up in three sentences:

1. The immediate economic task is to convert raw materials into goods and services and to see that those who need the goods and services obtain them.
2. The agency for fulfilling this task is a scientific adjustment of production and consumption.
3. The object of economic activity is to perform the necessary labor with the minimum of labor time, to guarantee a minimum livelihood and to provide a maximum of leisure or free time.

Under a system of purposive economics, the community will decide what goods and services are necessary in any given month or year, and will then set up the

technical and social machinery that is to produce and apportion these goods and services among groups and individuals. The whole economic process, instead of being left to accident and greed (supply and demand in the profiteering market) will be socialized and planned on a world-wide scale, just as the water system of London or New York has been socialized and planned on a city-wide scale.

a. Controlling Economic Forces

Economic forces can be brought under the control of human will and directed toward a predetermined goal in much the same way that the forces of nature have been made to serve human purposes. It is the business of economists and other social engineers to decide upon the measures that are necessary to control and direct economic forces.

The human race has been controlling and directing economic forces more or less adequately for at least fifty centuries. Every center of population, every family, every tribe, every village, every city-state, every nation has had its method of regulating the problems of livelihood. Families have determined the ownership, use and disposition of the land, tools and other materials upon which the living of the group depended. They have also established a division of labor in which men, women and children all had their allotted tasks. Tribes have restricted the use of their hunting grounds; limited the ownership of tools and weapons belonging to individual members; divided the food surplus according to tribal custom. Villages have regulated the use of wells, of common land and the grazing of animals. States and nations have exercised control over their local markets, their

commerce, their industries. In many cases this regulation has been exceedingly strict. Egyptian history, for example, shows that under the Pharaohs of the later empire, all important sources of livelihood were monopolized either by the state or by the temples, and elaborate regulations controlled agriculture, industry, trade and finance.

The preposterous idea that economic forces should be permitted to run wild, grew out of the struggle which the trading classes of Europe waged against the rigid economic policies of feudalism. The theoretical side of this policy was developed in France, its practical aspects in England. Laissez-faire, in theory and in practice, assumed that, since natural law is the best law, where economic forces are permitted to take their natural course, unhampered by human restrictions, they will result in the greatest net advantage to all concerned.

The system of natural law in the economic world has been tried out more or less generally for two centuries. Its results can no longer be seriously disputed.

The business classes of Britain, the United States, Germany, Japan and other capitalist countries, following out the policy of expansion, expropriation and exploitation dictated by an insatiable and unrestrained greed for wealth and power, over-ran Africa, Asia and Latin America; annexed the territory; seized the wealth; forced the natives to grant concessions to their foreign conquerors, and then treated them as inferior peoples. This policy of expansion and conquest filled the years from 1870 to 1914.

The better organized and armed nations, in half a century, made themselves political and military masters of the earth. Then, unable to agree on the division of

the spoil, they fought the War of 1914, in which every important capitalist country played a part. The organized destruction and mass murder of those four and a half years were the logical climax of the mad struggle for wealth and power that free competition had engendered.

The laissez-faire idea was sponsored by the rapidly developing class of business profiteers, who followed the proposal to its logical conclusion, and on a cash basis built one of the most cold-blooded, repulsive social systems known to history. Communal regulation of common lands and common rights disappeared. With them went communal obligations. The strongest and the greediest grabbed what he dared and held what he could. It was a survival struggle in which those who secured wealth and power lived in luxury upon the surplus values produced by the labor of the masses. The rich idler gorged; the poor worker starved in the next street. Automatically, the community was divided into an owning class and a working class that fought with one another for the products of industry as wolves fight over a carcass.

The British experiments with laissez-faire cover some of the blackest pages of modern history. The descriptions of work and life written by Frederick Engels in *Condition of the Working Classes in England*, and by H. D. Gibbons in *Industry in England*, are almost unbelievably dreadful. Natural law had its way. Greed ruled, unchecked. The results in child labor, long hours and revolting working and living conditions beggar description. The same story was repeated nearly a century later in the new industrial centers of India and China.

b. New Economic Principles

The principles of national economy were written by Adam Smith and his followers, who were trying to provide a working formula under which business-for-profit could succeed. These men took the world as they found it and did their best to turn it to the account of the newly developing business class in whose interest they spoke and wrote.

The success of the early economists in drawing up working rules for the accumulation of private profit must be judged in the light of results. These early economists sowed the wind; their imperialist successors are reaping the whirlwind. They sowed laissez-faire; the world is reaping chaos. They sowed competition; the world is reaping monopoly. They sowed economic nationalism; the world is reaping a life and death conflict for national survival. They sowed the exploitation and oppression of the working masses at home and abroad; the world is reaping class war and colonial revolt.

Events have belied the predictions of the early economists. Instead of the cheapness and plenty which they saw as the end product of their competitive system, the world has entered a period of monopoly and scarcity. Evolution has driven the economic system rapidly from competition through trust capitalism to financial imperialism. Competition has been deposed. Monopoly has seized the throne.

The economic principles formulated by Adam Smith and his followers had a certain validity in the era of capitalist competition. As the capitalist system passed into its monopoly stage they lost more and more of their significance.

The working rules or principles of economic life are far more relative and more adjustable than the working rules or principles of the universe. In natural science the working rule that fits a particular case varies with the position of the observer. In social science the working rule that fits a particular epoch varies with the dominant characteristics of the epoch.

National economy, the science of Adam Smith and his successors, was built upon:

- a. The private ownership of the means of production.
- b. Competition among owners for markets, capital and labor.
- c. The exploitation of the working masses for the advantage of the owning class.

The only theory on which such a system could have been made acceptable to its victims was the theory of the fundamental rightness of natural law and of the consequent need for *laissez-faire*. Generations of practice have demonstrated that while the application of this theory heaps up profits for the favored few, its effects have devastated the lives of the masses.

On the threshold of a new economic era it is necessary to rewrite the working rules of economics in terms of the new background.

- a. The social ownership of the means of production.
- b. Production for use, not for profit.
- c. The social use of income.
- d. The formulation and execution of a unit economic plan.

The methods best calculated to secure these ends are the principles of the new economy. They need have no more connection with the principles of capitalist economics than capitalist economics had with the principles

of feudalism. The socialist economist is not restricted to the realm of private, profitmaking, laissez-faire economy. He formulates the working rules of his system in view of the limitations imposed by the dominant characteristics of the historic situation, and in view of the objective which he desires to attain.

The historic situation confronting Adam Smith and his contemporaries was a western Europe in the early stages of the industrial revolution. Machine technique was in its infancy. The uses of steam were little more than suspected. Landed interests still controlled politics. The rising business class was actively bidding for power. The wage-working masses had not yet learned the first principles of organized action.

The present historic situation includes a world which stretches to the remotest corners of the planet—a world bound together by steam, gas, electricity. Automatic machinery is rapidly replacing the craftsmen of Adam Smith's day. The landed interests have ceased to play a leading rôle. Wealth and the control of economic life are concentrated in a small capital owning class. The landless, propertyless masses of dependent wage workers are steadily building their organizations and in country after country are actively bidding for power. They are spurred on in their efforts by intensified exploitation, the rise of mass unemployment, the constant threat of war, and the desperate economic hardship in the principal colonial areas.

The objective of capitalist economy was the maximum profit for those who owned the means of production. The objective of communist economy is a decent livelihood for every member of the human race.

c. The Communist Goal

The economy of capitalism was laissez-faire—competitive, planless, chaotic. The economy of communism is purposive—cooperative, planned, scientific. It aims to guarantee a decent living to the race and to equalize livelihood opportunities for the new generation through the systematic organization of the available resources, capital and human energy.

Such a goal will not be reached by adopting any one set of theoretical principles. It will be attained in the course of the day to day effort to convert natural resources into goods and services, and to see that these goods and services reach those who are entitled to them. The working rules of communist economy must be drawn up with one eye on the experience derived in the course of socialist construction and the other eye on the immediate objective—the next stage in social evolution.

The only justification for any new social order is that it enlarges the life-opportunities of the population. Communism presents immediate objectives that are worth living for and worth working for. The first is the pressing task of making the transition from capitalist imperialism to the next economic stage—socialist construction. The second is the more difficult task of organizing a workable use economy. The achievement of both tasks necessitates a comprehensive economic plan.

3. ECONOMIC PLANNING

Planning doubtless began in the cradle of the race—planning to get food and to outwit enemies.

Economic plans were drawn up before history was

written. The earliest records tell of contests for river valleys, mineral reserves and strategic trade centers, of irrigation and flood control, of schemes for land distribution, for the control of trade. In some of the early empires—Egyptian, Chinese, Persian, Roman—these economic plans included extensive land areas and tens of millions of people.

With the rise of western Europe to a position of world power, economic planning has extended to great units of national and imperial economy; such as the German Customs Union, the French Republic, the British Empire. Monopolies, trusts, and cartels have pushed economic planning beyond the boundaries of states and empires into the international field, while internal economic planning in the principal nations and empires has extended itself over widening areas of activity.

Economic planning in capitalist empires has been limited by political sovereignty and by the exigencies of economic competition. For these reasons it has proved impossible to draft a central economic plan even on a national scale, while a central world plan is wholly outside the picture. Responsible national organizations like the United States Chamber of Commerce and the Federation of British Industries have passed resolutions in favor of planning. There has been much talk of an economic plan for the British Empire. Since the War of 1914 the idea of a pan-European plan has received attention. A dozen international conferences, the most notable of which was the Geneva Conference of 1927, brought together the ablest leaders of the capitalist world to discuss international economic co-operation. Not one of these efforts has met with even a moderate degree of success. Within each state the competitive struggle for power

between rival corporations and trusts continues, and among the nations the weapons of economic and military war are freely employed in the contest for world supremacy.

a. A World Economic Plan

Planning has proved effective in small individually run businesses; in nation-wide and world-wide trusts and cartels; and in one country, the Soviet Union, which occupies a sixth of the globe. Can this principle be extended to include the economic life of the entire world?

The problems presented by world planning are larger and more complex than those of local planning. More individuals and productive units are involved, a greater complexity of living standards, customs, languages. The underlying principles of planning and the technique for putting those principles into practice remain the same.

The task of world planning is to attain a given objective by the use of given means in a given historic situation. If the technical conditions existing in 1928-32 made an economic plan workable in the Soviet Union, then undoubtedly they may make a plan workable in other centers of equal development. The problem of world planning is not chiefly a problem of human ability to plan but of historic readiness for planning.

Certain definite steps are necessary to replace economic world chaos by a planned world economy. These steps must be taken before planning on a world scale is historically workable.

The first step is to organize an effective group whose interests would be advanced by efficient production and rational distribution. Until such a group throws the driving power of its mass membership behind the movement,

the present ruling class will retain control of the means of production, of the state, and of the agencies of propaganda.

The capitalist class is prevented by its system of organization from planning on a world-wide scale. The capitalist world, in the first thirty years of the present century, demonstrated its inability to put general interests above particular interests. Under capitalism, viewed nationally, the center of interest is still the individual profiteer or property owner, or, in world terms, the ruling class operating within the boundaries of an individual nation. This concentration of sovereign power in the individual human being and in the individual nation made it impossible for the world of capitalist imperialism to plan its economy beyond the narrowest limits. Worse still, it placed the competitive struggle within each capitalist state and between the ruling classes of rival capitalist states ahead of any general capitalist interest. Internal and international conflict took precedence over internal or international co-operation.

What group is there whose economic interests would be furthered by a system of planned, world economy? Obviously, there is only one—the wage-working masses, whose labor maintains and improves the system of machine production. It is this wage-working mass that must provide the driving force for sweeping away the wreckage of a declining capitalism, and for the construction of a socialized planned economy.

The basis of planned economy is the complex—a coordination of economic and social factors into a functioning social unit. In its simplest form the complex is a group of industries scientifically related to a power center and to each other. In its most advanced form it

is the working unit of socialist construction, a complete working-living-health-education-recreation plant.

The first technical step toward the establishment of such a system of complexes on a world scale is a careful world inventory of natural resources; of food and raw materials; of tools and machinery; of production levels and trends; of population; of living standards. Such an inventory would give a genuine picture of the world's economic possibilities, with detailed information for each particular locality.

b. A World Budget

The second step in world planning would be a budget. On one side of this budget would appear the world's needs and wants. On the other side would appear the actual or potential supplies of goods and services that might be used to satisfy such needs and wants. Thus, on the demand side of the budget would appear certain quantities of wheat, flour, bread; of leather, rubber, cotton, shoes; of clothing; of utensils; of papers, books, magazines; of phonograph records. The sum total of these goods for each town and district, as well as for the world at large, would constitute the probable demand during the year.

The budget on the supply side would detail the available supply of wheat, flour, bread, cotton and other goods, specifying the costs involved in getting these materials from their places of production to the people who wished to use them. The sum total of these raw materials, semi-finished and finished goods, would constitute the apparent supply for the year.

A balanced budget would be one in which the demand for all commodities equaled the supply. In the case of

one commodity—wheat, for example—it would be a budget in which the demand for wheat—2,000 million bushels—was equaled by the available supply of wheat. So, in the aggregate, the entire demand would be scientifically adjusted to the entire supply. Instead of balancing in a way to show a profit, the budget would be balanced in such a way that the amount of work done in the course of the year would be sufficient to provide an amount of goods and services adequate to meet the demands of the world population.

The budget would perform another very important task by dividing the national income on some agreed basis among: (1) consumption of goods; (2) insurance and other contingent funds; (3) the improvement of equipment in existing industries; and (4) the opening of new industries. By this means a definite relation would be maintained between consumption and production and provisions made for contingencies and for improvements.

Such a world budget would include a local budget for each complex and other production unit, so that each shoe factory, each wheat farm, each mine and each economic area would have an assigned income in goods and an assigned production quota with which to pay for its food, clothing and books.

At the end of each day, or week, or month, or year, a balance would be struck to indicate whether the economic unit in question was solvent—was meeting its economic obligations. Such a procedure, now followed by individual industries under capitalism, would provide a daily or weekly yardstick for determining whether a given economic unit in a socialized world was or was not paying its way.

The third element in an economic plan would be the

organization of the detailed functioning of the economic machine; the rationalization of the extractive, fabricative and transport industries; the establishment of a system of exchange based upon units of socially necessary labor; the distribution of income between social groups and in each group among individuals; the setting up of necessary administrative machinery to achieve those important results.

Such a system of planning would make economic life the subject of conscious social direction in the same sense that political life has become the subject of conscious social direction. It would employ discovery and invention to raise the standard of social well-being. It would embody the saying: "The conscious improvement of society by society."

Can the economic life of the world be thus planned and organized? Is such a project feasible?

Certainly a world inventory can be made. Ambitious beginnings in this direction are to be found in the statistical publications of various public and private agencies. Five years of careful census-taking by a competent body of experts should give a very exhaustive analysis of economic conditions underlying the lives of nine-tenths of the world's population. The remaining tenth, living in remote districts, would come more slowly into the picture.

A world budget could be prepared at the same time that a world inventory was being taken. At the outset, this budget would do little more than to record existing economic relations and tabulate the momentum of economic forces. As the movement in the direction of a world economy gained headway, however, those responsible would be able to plan more and more effectively.

After the world inventory and the world budget—as technical means of putting a world economic plan into operation, comes the third step—the organization of production. In order to fulfill an economic plan, the human race must reorganize the mechanism by means of which natural resources are converted into the food, clothing, shelter, and other essentials of livelihood.

4. THE ORGANIZATION OF PRODUCTION

Each day the storehouse of nature is tapped. Crops are gathered; metals and minerals are mined; commodities are fabricated, transported, marketed; each day, with the aid of water, air, light and other forms of radiation, resources laid away for ages are turned into goods and services that will be useful to man.

The activities which are involved in converting nature's stores into usable goods and services are carried on by tens of millions of individuals, some working independently like the hunter and the farmer, others working in tribal, village, city, or at most in national groups. The favorite group of the present-day western world is a trust, syndicate or cartel, like Standard Oil or German General Electric or International Nickel, organized in one nation and extending its profit-making operations across an empire, into competing nations and into undeveloped territories. Some powerful banking groups control several such profit-making units. Never, during the period of recorded history, have these tens of millions of producers all over the world co-ordinated their efforts. Never have they worked in accordance with a general economic plan.

Production cannot be really effective until such a gen-

eral economic plan has been drawn up, agreed to and put in operation. On no other basis can the principles of science be applied to livelihood.

a. The Scientific Production of Goods and Services

Effective economic planning will lead to greater efficiency in the organization of production. That is, people will be able to make a living with a minimum expenditure of time and energy.

Such results cannot be secured in a minute. The race must work toward the efficient organization of production. Their success may be measured by certain tests: (1) increased well-being of the workers engaged in production; (2) the development of a system of commodity preferences under which goods of greater social importance are produced before goods of lesser social importance; (3) regional specialization and the production of all goods in the region of lowest costs; (4) the full-time use of all productive tools and machinery; (5) the decreasing of unit production costs, measured in labor hours; (6) the adjustment of the volume of product to the level of normal demand; and (7) allowances and adjustments to meet seasonal and cyclical fluctuations. These seven points cover the outstanding maladjustments in the existing productive mechanism, and it is along these lines that advances must be made.

The leaders of capitalist economy, within each of the capitalist countries and at various international conferences, have tried, during recent years, to "rationalize" their productive system. They have closed inefficient plants and concentrated their production in those plants that yielded the maximum profit. They have specialized in those products that paid the largest profit. They have

installed automatic machinery and have introduced the "belt" and other methods of mass production. Through monopoly control they have limited the supply of various goods to an amount that would yield the maximum net or monopoly profit. They have reduced direct production costs and increased selling costs—by more extensive use of machinery, by paying lower wages, by advertising more extensively, by selling on the installment plan.

These steps in capitalist rationalization have increased productive power, centered wealth in the hands of the ruling class, and subjected the working class to more intense exploitation. They have therefore accentuated the difficulties against which they were directed and have aggravated the world-wide economic collapse.

No other result could have been anticipated. The limitations imposed by the pursuit of profit, by national boundaries and by the duplications and wastes of competition drive the votaries of capitalism into one economic crisis after another. Capitalist rationalization must always be undertaken along the lines of class interest and must therefore be subject to the drastic class conflicts which class lines always imply.

The economic catastrophe of 1929–32 showed the effects of capitalist rationalization. The organization of production under the name of "scientific management" has been discussed for half a century. The capitalist interests, which have had complete control of the world during that period, were in a position to adopt what measures they would and could. The methods that they have followed—competition, monopoly, profit economy—have led, not to a planned, efficient, working order, but to chaos and disintegration.

The central economic problem before the world today is the organization of a system of production that will convert nature's stores into goods and services, with a minimum expenditure of energy and of wealth and a maximum return to those who carry on the work of conversion. The world is in desperate need of scientific production.

b. Organized World Production

Among the seven tests of efficient production organization, three are of supreme importance in the scientific organization of world economy. They are:

- a. Regional specialization—production at the points of lowest net cost.
- b. Adjustment of production to demand, especially in the case of raw materials and necessary food and clothing.
- c. Adjustments to meet seasonal and cyclical fluctuations.

There can be no regional specialization in production until there is effective centralized control. Under the capitalist system of production a commodity like cotton yarn may be produced at a dozen different points in the United States, twenty points in England, ten in Germany, half a dozen in China and India. Even within one country, the United States, for example, there is no scientific way to determine these points of production. Between competing areas, such as New England, the Carolinas and Southern California, or between competing nations, such as the United States, England, Germany and Japan, the plant and machinery needed for the production of cotton yarn and of cotton goods are duplicated again and again.

All goods and services—cotton yarn included—

should be produced at the points of lowest net costs. If the points are the regions about Shanghai and Atlanta, Georgia, world production should be concentrated at Shanghai and Atlanta until cotton yarn can be produced elsewhere for a smaller outlay in time, energy and materials. Regional specialization is the cornerstone of the efficient organization of world production.

Adjustment of supply to meet demand is an equally important principle of a world economic plan. Capitalism produces competitively for an unknown, and therefore for an undetermined market. An essential part of any world economic plan would be the determination of demand and the organization of a supply, produced at the points of minimum cost, to meet that demand.

With production points established in the regions of lowest cost, and supply adjusted to demand, there would remain the problem of seasonal and cyclic fluctuations. With seasonal fluctuations the capitalist world has dealt to some extent. But cyclic fluctuations take their toll in want and suffering, unchecked by capitalism. Indeed, the unregulated competitive processes of capitalist economy are directly responsible for business cycles and for price cycles. There seems to be no good reason why the business cycle and the price cycle should not disappear under a socialized planned economy. Granted for the moment, that cyclic fluctuations will continue under such an economy, provisions could be made during the fat years to meet the deficits of the lean years. If there is to be want and suffering as a result of economic fluctuations they should be shared by everybody.

The scientific organization of production must begin with a world inventory. Following that inventory there will be a study of production costs. The production cost study will indicate the areas in which the principal staples can be most economically produced. If, for example, there are 20 yards equipped to build ocean-going ships, and if the world's demand for such ships can be met by 15 of these shipyards it would clearly be advantageous to close 5 of the yards and carry on production in only 15. In which 15? The cost study would supply the answer.

The inventory provides a record of economic resources. The cost study classifies the resources in terms of their relative usefulness.

The next step in the scientific organization of production is the redistribution of world production in relation to regional costs. The redistribution of productive power would include: the concentration of production in the low cost plants; the direction of new capital outlays into the low cost areas; the dismantling of abandoned plants or their conversion to other uses. When these steps had been taken, world production would be efficiently organized in terms of plant location.

Four other important steps would be in order: (1) the stimulation of initiative and invention by an adequate provision for research; (2) the development of a system of education that would stress science and would hold the doors wide open to all students who displayed socially useful talents; (3) the determination of a ratio of improvement and the setting aside of a corresponding percentage of the annual income or product to cover the costs of such improvements

and betterments; and (4) adequate reserves for trying out and, where successful, adopting and developing new processes, machines and other products of the research laboratories.

Such an organization can only be established when the engineer has been placed above the banker and when social advantage and not private profit is the determining factor in the success of the economic system.

One other factor must be mentioned in connection with the scientific organization of production—the training and selection of qualified workers and managers. The scientific organization of production is an extensive task that depends upon the co-operation of many skilled and technically trained persons. One of the essential factors in the success of such an organization must be the system of training and selection that will provide the necessary number of skilled, trained workers. Trade schools, special courses, higher technical schools, apprenticeships, and systems of part-time school and part-time shop must be relied upon to train. Selection must depend upon competitive tests and examinations that can be relied upon to pick the qualified man for each job.

c. A Decade of Soviet Experience

Until 1917 the scientific organization of production and the shaping of economic activity in terms of a unit economic plan were theoretical abstractions. Since 1920 the Soviet Union has made them concrete realities. Across the 8,000,000, square miles that make up the Soviet Union, and among the 165,000,000 people who live in this territory, a unit economic plan is in

actual operation, and production is being scientifically organized.

With the exception of some agriculture and some handcraft industries, the means of production have been socialized in the Soviet Union. Mines, factories, railroads, banks, machine shops and stores are social property, in the same sense that schoolhouses are social property in most capitalist countries.

Appropriate departments and bureaus control and direct this vast productive organization just as they control and direct schools and post offices in the United States. The method of direction varies. The fact of social direction remains at the center of the Soviet system.

Soviet economic life is directed in accordance with a plan that is drawn up in outline by a general staff of experts, submitted to various local planning bodies, on which the trade unions are always represented, and to groups of workers in factories and mines; checked over and reviewed; redrafted by the experts and finally adopted and promulgated as the economic plan for a period of months or years. Each production unit—each mine, factory, mill and railroad division—has a copy of its share in this plan and therefore knows what is its part in the total task. Day by day and week by week actual production records are chalked up side by side with the production quotas under the plan, and each worker knows therefore whether the plan is being or is not being fulfilled. A sixth of the world's area and a twelfth of the world's population are thus living and working under a system of planned economy.

Through the first decade of planning, the workers in the Soviet Union were compelled to use old ma-

chines and antiquated factories and to carry on the work of socialist construction with the technical shell that was built while the Soviet Union was still a capitalist empire. Toward the end of the decade, however, the economic shell, built in pre-revolutionary Russia, was pierced and broken in many places, as the structure of the new economy gradually took form.

The simplest unit of this structure is the local production unit—the socialist city, as it is called. A number of these socialist cities are under construction, and at least one is practically completed. Each city is designed to provide for a limited population of 35,000 to 90,000 people—for their work, food, shelter, education, recreation. In these cities the Soviet authorities expect to develop a race of normal, healthy, sturdy human beings, free from poverty, overwork, and the worries and uncertainties incident to a chaotic economic order.

The socialist city will be the social unit of which the new society is constructed. Just as Tsarist Russia, like all agricultural societies, was chiefly an aggregation of villages, so the Soviet Union will be an aggregation of socialist cities. Just as each village provided for the whole life of those who lived in it—work, education, recreation, social life, so each socialist city will provide for every aspect of the life of its citizens.

The Tsarist village consisted of households, each with its own yard. The socialist city consists of living quarters, factories, co-operative stores, schools, clubs, theaters, health centers, parks.

Living quarters are being built in units of varying size. A. S. Austin of Cleveland, Ohio, who was responsible for directing the construction of one of these

socialist cities reports that: "The chief problem which confronted the designers was the proper density of population. . . . (The Soviet authorities) desired for the new city abundant sunshine, fresh air and ample modern conveniences. Throughout the planning there was a conscious effort to raise the standard of living of the working people to a new level".⁶ In this instance, each unit of living quarters was built on 10 acres. It consisted of 5 houses, each house designed to accommodate 200 people—or 1000 in the entire unit. Each community unit included a club house, a nursery building, and a kindergarten building.

Next in size, among the units of Soviet planned economy, is the production complex. Around a coal area, like the Don Basin, or around a water-power project, like the Dnieper Dam, will be grouped scores or hundreds of socialist cities, each responsible for performing some specialized task in the sum total of economic activities that are knit together about this unit of power.

A third unit of Soviet planned economy is a production area—the Ural-Kuzbas territory, for example. In this area several great power centers will serve as the nuclei about which the various socialist cities are grouped, and will be linked together in a co-ordinated economic structure, providing its raw materials and food supplies, maintaining its own transport systems, equipping its own factories and mills, providing most of the life essentials for its own population.

Finally, the work of these production areas is co-ordinated under the central economic plan of the entire Soviet Union. The central economic plan of the

Soviet Union, in its turn, will be one of the units of a planned world economy.

Serious technical obstacles have retarded the working out of a planned economy in the Soviet Union. Among them have been:

- a. The lack of skilled, trained men and women.
- b. Over-concentration, red tape and bureaucracy.
- c. The failure to preserve local initiative, especially among isolated groups of workers.
- d. Lack of uniformity in accounting and reporting.

Like any other technical problems, these issues can usually be met, provided they are correctly analyzed. In the Soviet Union, the co-ordination secured by the general adoption of Marxian formula and terminology have greatly facilitated the handling of these new problems as they arose.

5. SOCIALIST CONSTRUCTION

Through more than a decade, the Soviet Union has been working out a socialized, purposive, planned use-economy. The central task, during this period, has been the construction of the shell or plant of a socialist society. The period is, therefore, described as the era of socialist construction.

Lenin pointed out that a communist society could not be built all at once. It must be constructed in stages. In the first stage, the institutions of capitalism would be replaced by the institutions of a socialist society. This period of socialist construction was thus indispensable to the later establishment of communism.

Reporting to the plenary session of the Communist

International Executive Committee on December 7, 1926, Josef Stalin described the objective of socialist construction in these terms: "Wherein is the economic basis and economic substance of socialism? Is it to establish a 'Paradise on earth' and general satisfaction? No, it is not in this. That is a conception of the substance of socialism that belongs to the man in the street, to the petty bourgeois. To create an economic basis for socialism means to unite agriculture with socialist industry in one integral economic system, to subordinate agriculture to the guidance of socialist industry, to establish relations between city and village on the basis of direct exchange of products of industry and of agriculture, to close and liquidate all those channels with the aid of which classes and, above all, capital are born, to create in the end such conditions of production and distribution as will lead directly to the annihilation of classes".⁷

a. Soviet Gains and Capitalist Losses

Socialist construction in the Soviet Union has proceeded side by side with the most extreme fluctuations in capitalist economy. The New Economic Policy was launched in 1921, when capitalism was in the depths of its first post-war depression. The first general plans for Soviet economy were prepared in 1923-24, during the Golden Age of capitalist stabilization. The Five Year Plan for Soviet economy, covering the years 1928-33, paralleled the capitalist recession of 1929-32.

Capitalist countries like the United States, Great Britain, Germany and Sweden were able, during the boom years between 1923 and 1929, to increase industrial productivity at the rate of 3, 4, or even 5 per

cent per year. In the United States an increase of 4 per cent per year was regarded as "normal" in prosperous times.

The industrial output of the Soviet Union increased 23 per cent from 1928 to 1929; 24 per cent from 1929 to 1930; and 21 per cent from 1930 to 1931. The earlier Soviet plans of 1923-24 and 1925-26 had proposed an annual increase of 6 to 8 per cent in industrial output. The actual increases under the Five Year Plan not only outdistanced the most advanced of the capitalist countries, but outstripped the hopes and dreams of the earlier Soviet planners.

More significant even than the very rapid tempo of this industrial advance was its relation to capitalist decline. Between 1928 and 1932, while the total volume of industrial production in the leading capitalist countries was decreased by half, in the Soviet Union, industrial production doubled. Thus the phenomenal advance in Soviet economy was made at the time of the most disastrous collapse that capitalist economy had ever suffered.

Between 1925 and 1931 the production of coal in the Soviet Union rose from 17.6 to 56 million tons; of oil from 7.2 to 22.3 million tons; of pig iron from 1.5 to 4.9 million tons; of cement from 872 to 3,300 thousand tons. The value of machine construction jumped from 730 million rubles in 1925 to 5,700 million rubles in 1931. This included an increase for agricultural machinery from 48.6 to 441 million rubles and of electrical machinery from 92.5 to 980 million rubles. The principal increases occurred in heavy industry because, at the outset, the Soviet authorities had adopted the policy of building heavy industry first.

Once the basic industries were established, the development of the consumption industries would easily follow.

Soviet industrial production in 1926-27 was 104 per cent of Russian industrial production for 1913. Three years later, in 1929-30, industrial production was 201.9 per cent of the 1913 level.

Such advances in industrial production could be made only with a vast increase in the total volume of fixed capital. In 1929 the capital invested in Soviet industry was \$1,500 million; in 1930, it was \$2,000 million; in 1931, it was \$3,000 million. For the same three years, the capital investments in agriculture were \$3,000, \$4,000, and \$6,600 million.

Since the Soviet authorities could not secure long term loans from London and New York, it was necessary to take these new capital funds out of the annual income of the Soviet Union. This meant, of course, severe limitations on consumption.

Despite these immense capital demands on the national income, between October 1, 1928, and October 1, 1931, the average wages of Soviet industrial workers increased 23.9 per cent. These were the very years when the wages of industrial workers in capitalist countries were being progressively reduced.

b. Wiping Out Unemployment

One by-product of the success in socialist construction was the wiping out of unemployment. In 1926-27 there were 1,350,000 unemployed workers in the Soviet Union. In 1928-29 the number rose to 1,700,000. On August 1, 1930, it was 500,000. In 1931 the demand for workers exceeded the supply by at least 500,000.

At a time when every important capitalist country of the world was counting its unemployed by millions, the Soviet mines, railroads, and factories were clamoring for labor.

What other result could be expected? With an increase in industrial productivity of 54 per cent between the beginning of 1929 and the end of 1930; with 518 new factories and other productive enterprises opened during 1931; with the total number of wage earners increased from 14,269,000 in 1930 to 16,300,000 in 1931, even the comparatively large number of workers released in the course of agricultural collectivization were easily absorbed. The labor shortage was particularly acute in building construction, lumbering, mining, railroading—exactly those industries which were being subjected to the greatest strain by the rapid advance in Soviet productivity.

c. Collectivized Agriculture

One of the most significant aspects of Soviet socialist construction has been the change in the status of agriculture. When the Revolution of 1917 occurred, perhaps seventeen out of each twenty people in Russia were living in villages and depending for their livelihood more or less directly upon the land. The total number of individual farms in 1928 was 26 million. These farms were cultivated almost entirely by hand and animal labor. Tools were primitive. Power machinery was little known.

It was impossible to raise the cultural level of these peasant masses as long as they retained their primitive agricultural tools and methods. Their way forward lay through larger agricultural units, equipped with

machinery specialized and operated as a subordinate unit in the system of planned economy. This meant collectivization of individual peasant farms.

The campaign for collectivization was the outstanding feature of Soviet agricultural economy in 1929 and 1930. Technically backward individualistic Russian farmers were swept into the collectives by millions. On August 1, 1931, the Soviet Agricultural Department announced that 14,264,200 or 60 per cent of all peasant households had joined 224,500 collective farms. In the more important agricultural areas collectivization had made the greatest advances. In the North Caucasus 88 per cent of all farms were collectivized; for the Middle Volga region the percentage was 90 per cent; for the steppe region of the Ukraine, 85 per cent. The Soviet Union was the first agrarian nation in history to put agriculture on a socialized, organized machine basis.

Opponents of the Soviet system have characterized the proposals for one-man management of plants, for an extending scale of wage payments, for the creation of a "technological intelligentsia", as a return to capitalism. Far from it! These steps involve the use of a technique developed under capitalism, for the purpose of socialist construction. The use of a tractor on a collective farm is not a return to capitalism, although the tractor is a machine developed and chiefly employed in capitalist countries. Socialist construction, like the tractor, is a means to an end—the building of economic foundations for a Communist society.

d. A Higher Culture Level

Finally in the list of Soviet achievements is the

raising of the cultural level. For the capitalist world, 1930 and 1931 were years of cultural restriction—wages were cut down, vacations were reduced or eliminated, teachers were compelled to take smaller salaries, school building projects were abandoned, less money was spent for housing, health services were restricted. In all of these respects the Soviet Union recorded notable advances.

The immediate cultural effects of socialist construction in the Soviet Union cannot be easily measured. In 1913, 78 per cent of the Russian people could neither read nor write. In 1926 the percentage was 50 per cent; in 1931, it was 25 per cent. Attendance at primary schools has risen steeply. In 1913 there were 7,800,000 in the Russian primary schools. In 1926 primary school attendance was 10,250,000. In 1931 it was 20,464,000. An even greater increase occurred in the higher education: 109,900 students in 1914; 191,000 in 1928; and 358,000 in 1931. Another significant item is the number of books printed in Russia: in 1912, 133 million; 1925, 242 million; 1929, 300 million; 1931, 800 million. The figures for newspapers and magazines, for theater attendance, for sport and various other forms of recreation are equally striking. Socialist construction has been accompanied by an immense advance in cultural opportunity for the citizens of the Soviet Union.

Percentages of increased productivity are meaningless abstractions unless the reader can see the Russian farmers laying aside the hand tools with which they made the harvests on their little individual farms and working collectively with the new tractors, combines and other modern farm machines; the electric

light and power, stringing its way to more and more remote towns and villages; the many clean, light, airy modern dwellings constructed; the schools, parks, clubs and resthouses with their tens of millions of daily occupants; the steady advance in the demand for bicycles and radio sets; the intensive circulation of books, magazines and papers. Increased productivity is no abstraction to the people in the Soviet Union. Tens of millions of men and women and children there are seeing a new world rise in accordance with plans which they have helped to make and to modify, and which they are now helping to execute.

The Soviet Union was no paradise in the winter of 1931-32. More than half the national income was being spent for capital and equipment. Some foods were still rationed. Clothing was scarce. Many houses were overcrowded. But the nation was at work—building. The Soviet Union was the only country in the world in 1931-32 whose industries were running overtime, calling for workers to man idle machines, and for increased production to supply a market clamoring for goods.

6. A TASK FOR THE WORLD'S WORKERS

Some of the most difficult and important tasks ever attempted by the human race are to be met with in the field of purposive economics. The scientific organization of production, the drafting of a comprehensive economic plan, the formulation of general principles that will be sufficiently broad to cover the needs of a co-operative world economy—all will tax to the utmost the experience and the genius of this

generation of economists. The pick and shovel work involved in the actual transition from a bankers' world to a workers' world will strain the resources of the mass revolutionary movement.

Whatever the difficulties and dangers involved in building communism, social evolution has advanced to a point where there is no other way. Behind are the falling walls of a disintegrating capitalism. Ahead is the promised land of a communist society.

Workers, organized for the purpose of sweeping away the remnants of capitalism and beginning the building of a new society, are limited to the tools that they can find, or invent. For the most part they must use the tools they find. Blast furnaces and gas engines, bookkeeping and cost accounting will be adopted as a matter of course. So will wage rates and bonus payments, one-man management and rigid discipline on the job. In many instances these tools and methods will be improved and used even more extensively than they are under capitalist economy.

When the business classes were driving feudalism out of Europe they did not cut down the olive groves and vineyards or scorn the methods of agriculture that had grown up in feudal society. They took them over, made what use of them they could, and modified and improved them as they were able. It was the tyrannies and restrictions of feudalism that the revolutionary classes were out to destroy.

The workers, in the course of their revolution, will need all of the tools of capitalism until they can make better ones. It is the tyrannies and restrictions, the duplications and wastes of capitalism that the workers are out to destroy. Many of the technical methods

developed under capitalism will be used for generations after the capitalist system has disappeared.

The keynote of the workers' world will be: those who wish to eat must work. For ablebodied adults in the workers' world, the only legal way to secure the necessaries and comforts of life will be to render some productive or useful service.

Under capitalism those who wished to enjoy the good things of life were compelled to own the means of production and to rely, for the bulk of their income, on the wealth produced by the working masses. Since income increased in direct proportion to ownership, those who owned the most property received the largest incomes, while those who did the world's work were paid incomes that kept them constantly below the poverty line.

In a society where those who wish to eat must work, every individual will be judged in accordance with the service he renders to his fellows. He who serves most will receive most, both in material goods and in social recognition.

The workers in each community will determine who has and who has not rendered social service. They will set the standard of values against which individual performance is to be judged. Property and income will no longer be the deciding factors in determining the consideration to which men and women are entitled from their fellows.

The workers who have set out to build the new order do not appeal to legislatures, courts, governors or presidents. There is no authority in the capitalist world that will sanction the necessary social recon-

struction. They are their own authority. They are the court of last resort.

Workers who are still struggling under the tyrannies of capitalist exploitation can expect help from those who are engaged in the task of socialist construction. But the masters of capitalist society, abroad as well as at home, will fight back each effort to set up a socialized, planned economy, because under such a system exploiters play no rôle, and have no place.

The workers, in the struggle to build a socialized planned economy must find their authority in the experience of those working-class groups that have preceded them in the work of socialist construction and in their own day-to-day experience. Out of this experience they must formulate a program, a strategy, tactics.

The program must include a statement of the object sought—a decent living for the human race—and of the means through which this objective is to be attained—the building of a workers' world. Workers who seek authority for their acts must derive the authority from the program of the proletarian revolution.

The strategy of the movement is a description of the road that must be followed in order to reach the desired goal—the general directives, the broad outlines of policy.

The tactics of the movement are the steps along the way to a socialized, planned world economy—the day-to-day moves, the unit combats. Each one of these day-to-day efforts must be related to the main line of advance, and that main line, in its turn, must always

point toward the goal—the final objective of the entire working-class campaign for a new social order.

Here is all the ticket-of-leave which the organized workers require. Here is their authority—a program, a strategy, a tactic for daily struggle.

At the outset, only a few workers will realize the importance of such a program. The great majority will continue to believe that something can be done under the old social order. As imperialism runs its course, as the breakdown of capitalism becomes more pronounced, a greater and greater number will be forced to see that the only way out of the impasse lies through organized efforts of the workers to build a socialized, planned economic order.

At the outset, therefore, the movement will be led by the small minority which is conscious of the rôle which the workers must play in building the new society. This class conscious minority will avail itself of every opportunity to enlighten and arouse the masses as to the character of the struggle that lies before them.

Step by step they will draw the masses into the revolutionary movement, first into trade unions, into defense organizations, into other aspects of the labor movement, then into the organization that is leading and directing the struggle.

The workers are entering a new world. They are pioneers, making their own paths, constructing their own bridges. But they have a goal and a plan for reaching that goal. It only remains to build according to plan.

The concrete task of the workers is to design and construct a socialized planned economy. From capitalist society they inherit the automatic machines and

the forms of organization with which such a result may be achieved. Out of the fervor of the proletarian revolution they will draw the energy with which to sweep capitalist imperialism from power. With the technical equipment developed under capitalism, the workers will lay the economic foundations and erect the superstructure of a communist society.

There is no other way.

Capitalism is decaying—breaking up. The masses all over the capitalist world must either drift through war, disease and starvation into dark ages of agricultural village life, or else they must follow the lead of the Soviet workers along the rugged path of socialist construction, toward a communist society. It is along this path, difficult and dangerous though it may be, that the future of the human race lies. It is the one way out of the chaos of capitalist imperialism; of exploitation, war, hard times, and mass starvation.