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A MAO-STALIN RIFT

MYTH OR FACT? by Tom Kerry

also in this issue

Palestinian Liberation and Israel

by Peter Buch

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Tom Kerry

A MAO-STALIN RIFT: MYTH OR FACT?

The myth of Stalin's infallibility was assiduously cultivated by the ruling bureaucratic caste in the Soviet Union until his death in 1953. The parvenu bureaucracy, which had usurped the state power, required a supreme arbiter to adjudicate its disputes and to reconcile any differences that might arise among members of the ruling group. During his lifetime Stalin had the last word and final decision.

By the time of Stalin's death the world had undergone considerable change. The Soviet Union was no longer the sole custodian of "socialist" state power, upon whose authority the whole structure of Stalinist monolithism was erected. The social overturns in Eastern Europe and above all, the conquest of state power by the Chinese Communist Party [CCP], introduced a schismatic process that gave rise to "polycentrism"—that is, the conflict of interests inherent in the existence of separate national states, albeit national states resting on the foundation of socialist property forms and property relations.

With other times, came other needs. Stalin's heirs found it expedient to initiate the process of deStalinization. The myth of Stalin's infallibility was thoroughly demolished in the famous speech by Nikita Khrushchev at the 20th Congress of the Communist Party of the Soviet Union in 1956. Recently, under the inspiration of the Maoists, there has been a concerted attempt to refurbish the Stalin myth. But this is a hopeless task. Not all the king's horses and all the king's men can ever put humpty-dumpty Stalin back together again!

The Maoists need the Stalin myth to bolster an official mythology which seeks to elevate Mao to the status of a deity whose supernatural omnipotence—Mao's thought—is invested with retroactive infallibility to prove that he was *always* right in the past—even as

against Stalin. Past errors, where admitted, are attributed to the shortcomings of others.

It would be instructive to unravel the strands of this deification of Mao. In this article, however, we are concerned with a myth of a different order, the concept that Mao broke with Stalin to lead the Chinese revolution. This "theory" has been advanced in order to answer the seeming enigmas: How explain that the Chinese Communist Party, under a Stalinist leadership closely linked with the Kremlin, could carry through a revolutionary action and take state power in seeming contradiction to Stalin's policy of class collaboration and peaceful coexistence?

This widely current myth of a Mao-Stalin schism on revolutionary strategy has unfortunately been taken up and elaborated in a recent collection of essays edited by Tariq Ali, the Pakistan-born British antiwar leader who has become a Trotskyist.*

"Stalin," writes Ali, "had not believed that a socialist revolution was possible in China; his disastrous policies had resulted in the massacres of Shanghai and Canton. Perhaps he believed that since most of the leading Communist cadres had been wiped out it was now fairly safe for him to deal with Chiang Kai-shek. Stalin had reckoned without Mao Tse-tung. It is not necessary to go into details of how Mao organized the Chinese Communist Party and led it to victory. What is important to note is that if Mao had followed Stalin's advice he would have disbanded the Chinese party and merged with Chiang Kai-shek's nationalists and in the process would, no doubt, have been liquidated. Despite paying lip-service to Stalin, Mao in fact did exactly the opposite. He fought the most protracted civil war in recent history, with no material aid from Stalin. Unless, of course, one counts a manual on partisan warfare which Stalin sent him as a gift and which Mao handed to Liu Shao-chi with the inscription: 'Read this carefully if you want to end up dead.' [Ali does not explain the source of this story. But it is of such stuff that myths are woven. — T. K.]

"The success of Mao's armies," Ali continues, "came as a shock to Stalin; right up to 1948 he had been persuading the Chinese Communists to come to some sort of agreement with the nationalists and this the Chinese steadfastly, and to their credit, refused to do. In October, 1949, exactly thirty-two years after the Bolshevik revolution, Mao's peasant armies marched into Peking and proclaimed China a People's Republic."

Tariq Ali concludes his essay on the Chinese revolution with the assertion, "Mao's stature as one of the greatest revolutionary leaders of this century is beyond question." But the actual record which I propose to examine far from bears out this judgment. If Stalin had not believed that a socialist revolution was possible in China, as Ali correctly asserts, neither had Mao. And Mao persisted in this dis-

*The New Revolutionaries: A Handbook of the International Radical Left. Morrow. 319 pp. \$5.95.

belief to the very end. That is why he proclaimed China a People's Republic and not a Socialist Soviet Republic, as the Bolsheviks had done in October 1917.

Tariq Ali wrote this article for the anthology before the announcement of his adherence to the International Marxist Group, the British section of the Fourth International. Earlier this year, in a valuable eyewitness report from Pakistan, he published some trenchant criticism of the attitudes of the Chinese leadership and the native Maoists toward the mass upheavals against the military dictatorship in that country.*

Milovan Djilas' Conversations with Stalin

Considering the historic significance of the events and the multitude of writings about them, there is remarkably little evidence to support the theory that Mao broke with Stalin during the Chinese revolution. Milovan Djilas reports a statement by Stalin in his *Conversations with Stalin* published in 1962. It concerned the postwar uprising in Greece, which Stalin insisted "must be stopped, and as quickly as possible" according to the former high Yugoslav official.

Djilas writes, "Someone mentioned the recent successes of the Chinese Communists. But Stalin remained adamant: 'Yes, the Chinese comrades have succeeded, but in Greece there is an entirely different situation. The United States is directly engaged there—the strongest state in the world. China is a different case, relations in the Far East are different. True, we, too, can make a mistake! Here, when the war with Japan ended, we invited the Chinese comrades to reach an agreement as to how a modus vivendi with Chiang Kai-shek might be found. They agreed with us in word, but in deed they did it their own way when they got home: They mustered their forces and struck. It has been shown that they were right, and not we. But Greece is a different case—we should not hesitate, but let us put an end to the Greek uprising."

Djilas' assertion is of dubious validity. The alleged conversation occurred in February 1948 when sharp differences had already arisen between Stalin and the Yugoslavs. Soon after this the Kremlin launched a public attack on the Yugoslav leaders and the open break occurred in June, 1948. It was not in character for Stalin to confess his "errors," certainly not to the Yugoslavs at that time.

Djilas did draw a generalization that is, on the whole, valid: "As far as the pacification of the Chinese revolution was concerned, here [Stalin] was undoubtedly led by opportunism in his foreign policy. Nor can it be excluded that he anticipated future danger to his own work and to his own empire from the new Communist great power,

* "Report on the Political Situation in Pakistan." Intercontinental Press, Vol. 7, No. 17, May 5, 1969.

especially since there were no prospects of subordinating it internally. At any rate, he knew that every revolution, simply by virtue of being new, also becomes a separate epicenter and shapes its own government and state, and this was what he feared in the Chinese case, all the more since the phenomenon was involved that was as significant and as momentous as the October revolution."

Since the book was written in 1961, however, thirteen years after the event and at a time when the Sino-Soviet dispute had erupted, it is hard to decide whether to attribute Djilas' prescience to foresight or hindsight. Stalin tried to guard against this "future danger" by innovating a new state form standing somewhere between a capitalist state and workers state, which he dubbed a people's state, or a people's democracy or people's republic. There was no difference on this score between Mao and Stalin.

Maoist criticisms of Stalin

Aside from the Djilas revelation there is the evidence of differences between Mao and Stalin cited by the Maoists themselves. As part of the polemic between Peking and Moscow, the editorial departments of *Renmin Ribao* (People's Daily) and *Hongqi* (Red Flag) published a violent attack on Khrushchev's 20th Congress speech, September 13, 1963. The article, republished as a pamphlet, was entitled *On the Question of Stalin*. In sort of a bookkeeper's approach to politics, it totes up the pluses and minuses of Stalin's career and concludes that, on balance, the pluses outnumber the minuses: "Stalin's merits and mistakes are matters of historical, objective reality. A comparison of the two shows that his merits outweighed his faults. He was primarily correct, and his faults were secondary."

One "error" mentioned is the frightful blood-purges of the 1930s which decimated Lenin's Bolshevik Party. "In the work led by Stalin of suppressing the counterrevolution, many counterrevolutionaries deserving punishment were duly punished, but at the same time there were innocent people who were wrongly convicted; and in 1937 and 1938 there occurred the error of enlarging the scope of the suppression of counterrevolutionaries. In the matter of the party and government organization, he did not fully apply proletarian democratic centralism and, to some extent, violated it." How delicately put! The "error" of committing fratricide, you see, was a "fault" of secondary rank and hardly worth mentioning.

Stalin's basic "error," according to Mao's pundits, was his failure to master Mao's thoughts. For, they explain: "In struggles inside as well as outside the party, on certain occasions and on certain questions he confused two types of contradictions which are different in nature, contradictions between ourselves and the enemy and contradictions among the people, and also confused the different methods needed in handling them." What unadulterated tripe!

On the question of Stalin's errors in China the authors are quite vague. In one passage they remark that Stalin "had given some bad counsel with regard to the Chinese revolution. After the victory of the Chinese revolution," they assert, "he admitted his mistake." But the nature of this "mistake," when it was supposed to have occurred in the Chinese revolution, and where Stalin admitted he was wrong, the authors do not say. They hasten on to another subject.

One more instance is cited: "Long ago," they write, "the Chinese Communists had firsthand experience of some of his mistakes. Of the erroneous 'Left' and Right opportunist lines which emerged in the Chinese Communist Party at one time or another, some arose under the influence of certain mistakes of Stalin's, in so far as their international sources were concerned. In the late twenties, the thirties and the early and middle forties, the Chinese Marxist-Leninists represented by Mao Tse-tung and Liu Shao-chi resisted the influence of Stalin's mistakes; they gradually overcame the erroneous lines of 'Left' and Right opportunism and finally led the Chinese revolution to victory."

This pamphlet was published in 1963, when Liu's name was still intimately coupled with that of Mao and before the "cultural revolution" disclosed that Liu Shao-chi was an imperialist agent, a diversionist and wrecker, as far back as 1924, the year the Chinese Communist Party first cemented an alliance with the Kuomintang. But that is another story. In what now reads as a monumental bit of irony, the authors of *On the Question of Stalin* contend that the Chinese Communist Party always disavowed the "cult of the personality": "While we attach importance [to] the role of leaders," they aver, "we are against dishonest and excessive eulogy of individuals and exaggeration of their role."

At any rate, this is the extent of the Maoist record of Stalin's "mistakes" in China. It hardly constitutes proof of a break between Mao and Stalin on the question of the character or course of the Chinese revolution of 1949. In fact, the authors of *On the Question of Stalin* insist: "But since some of the wrong ideas put forward by Stalin were accepted and applied by certain Chinese comrades, we Chinese should bear the responsibility. In its struggle against 'Left' and Right opportunism, therefore, our party criticized only its own erring comrades and *never put the blame on Stalin.*" (Emphasis added.)

Far from placing any "blame on Stalin" for "mistakes" made in the course of the Chinese revolution, Maoist historians go to great lengths to establish the fact that Mao was Stalin's foremost disciple. On the occasion of Stalin's seventieth birthday, Chen Po-ta, a leading exponent of the "cultural revolution" and militant protagonist of "Mao's thought," composed a eulogy entitled *Stalin and the Chinese Revolution*. It was published by the People's Publishing House, Peking, May 1953. Here are samples of Chen Po-ta's testimony on the question of Stalin's "errors" and the relations between Mao and Stalin:

"Under the leadership of Comrade Mao Tse-tung, our party, by

advancing along a devious path, finally overcame both the objective difficulties and subjective errors and carried the revolution to victory. This is because Comrade Mao Tse-tung's views on the nature and tactics of the Chinese revolution were based on the teachings of Stalin and were identical with the views of Stalin."

"Comrade Mao Tse-tung is Stalin's disciple and comrade in arms. He is Stalin's outstanding disciple and has been able to lead China's revolution to victory because his method of work and his way of reasoning are those of Stalin. He uses Stalin's methods to learn from Stalin . . ." And so forth and so on, ad nauseam.

It is quite obvious that the brief references by Mao and his historians to "subjective errors" and "mistakes" do not refer to Stalin's basic line on the character and perspective of the Chinese revolution. Because of the disastrous consequences of the zig-zag policies followed by the Stalintern after the death of Lenin, it became standard practice to fix the blame on those individuals and groups responsible for and identified with the carrying out of the "general line." Thus arose the system of scapegoatism. With each zig-zag new leaders were created and old ones scrapped as "Left" or "Right" opportunists, depending on the thrust of the new turn. No one dared place the blame on Stalin—where it properly belonged. It was along this "devious path" that Mao became head of the Chinese Communist Party in January, 1935.

The date is significant. Following the debacle of Stalin's "Third Period" insanity, which paved the way for Hitler's march to power in Germany, the Stalintern made a one hundred and eighty degree turn to the People's Front. The leaders of the national sections of the Communist International were junked in wholesale lots, including the leadership of the Chinese Communist Party. That Mao was a People's Frontist from the beginning is testified to by Chen Po-ta in his pamphlet, *Mao Tse-tung on the Chinese Revolution*, written in 1951 and published in a revised edition in Peking in 1963.

"After 1927 Mao repeatedly refuted the erroneous 'Leftist' ideological trend in relation to the question of the character of the revolution. He considered that the Chinese democratic revolution must be carried out to the end, saying:

"'Only in this way can a socialist future of the Chinese revolution be fostered. Misconceptions such as denying this period of democratic revolution and considering that the opportune moment for a socialist revolution in China has arrived are extremely detrimental to the Chinese revolution.' (*Resolution of the Sixth Congress of the Fourth Army of the Red Army*, drafted by Mao Tse-tung, December 1928.)

"Mao Tse-tung regarded the opinion then held by the Communist International that the character of the Chinese revolution remained bourgeois-democratic as completely correct. He said, 'The struggle which we have gone through verifies the truth of the opinion of the Communist International.'

"In the light of the concrete conditions in China, Mao Tse-tung developed the teachings of Lenin and Stalin regarding the continuous development of the bourgeois-democratic revolution into the socialist revolution." He said:

"We advocate the theory of the continuous development of revolution, but not the Trotskyite theory of permanent revolution. We stand for the attainment of socialism through all the necessary stages of the democratic republic. We are opposed to tail-ism, but we are also opposed to adventurism and ultra-revolutionism."

The theory of the revolution in stages was not unique with Mao and the Popular Front. It was developed as part of the theoretical arsenal of the reformist socialists in Europe and was advocated by the Russian Mensheviks in opposition to the course followed by the Bolsheviks. The latter, under Lenin and Trotsky's leadership, refused to halt the revolution at its "bourgeois-democratic stage" following the overthrow of the Czar in February. They pressed forward to the socialist victory of October, along the line laid down by Trotsky in his theory of permanent revolution.

The theory of the revolution in stages leads ineluctably to the practice of class collaboration through coalitionism. If the bourgeois-democratic stage was to prevail for a prolonged period—as Mao insisted it must—then the Chinese Communist Party would have to share power, as junior partner, with the political parties of the bourgeoisie, above all with Chiang Kai-shek's Kuomintang.

The theory of revolution in stages

Mao's views on coalition government were elaborated in a political report to the Seventh National Congress of the Chinese Communist Party on April 24, 1945. The first Chinese edition in English, entitled *On Coalition Government*, was published in 1955. However, the text of this speech was published ten years earlier in this country in December 1945 by New Century Publishers, the Communist Party publishing house, with the title *The Fight for a New China*, and with an introduction by William Z. Foster. There are extensive changes, alterations, amendments and deletions in the later Chinese editions compared to the 1945 text. The citations which follow are from the earlier New Century edition.

In expounding the theory of the revolution in stages, Mao declared, "Socialism can be reached only through democracy; this is an accepted truth of Marxism. The struggle for democracy in China still requires a prolonged period. Without a new democratic, united state, without the economic development of a new democratic nation, without the development of a broad private capitalist and cooperative economy, without the development of a national, scientific, popular and new democratic culture, without the emancipation and development of

the individuality of hundreds of millions of people, in short, without the thorough, new bourgeois democratic revolution, to establish socialism over the ruins of the colonial, semi-colonial, and semi-feudal China would be a utopian dream."

How explain that "Communists" advocate the establishment, for a "prolonged period," of a bourgeois-democratic state? "Some people cannot understand why the Communists, far from being antipathetic to capitalism, actually promote its development. To them we can simply say this much: to replace the oppression of foreign imperialism and native feudalism with the development of capitalism is not only an advance, but also an unavoidable process; it will benefit not only the capitalist class, but also the proletariat."

But, if the historical imperative dictates that the course of development proceed through the stage of bourgeois democracy, how explain the Russian revolution, which proceeded from the overthrow of the semi-feudal Czarist regime to the establishment of the bourgeois-democratic Provisional Government, to an abbreviated period of Soviet dual power, to the establishment of the proletarian dictatorship, all within the span of a few months? Mao advances a theory of Russian exceptionalism. "Some people wonder if the Communists, once in power, will establish a dictatorship by the proletariat and a one-party system, as they have done in the Soviet Union. We can tell these people this: A new democracy of a union of democratic classes is different in principle from a socialist state with the dictatorship of the proletariat. China, throughout the period of her new democratic system, cannot and should not have a system of government of one-class dictatorship or one-party monopoly of government."

As for Russia: "Russian history determined the Soviet form of society. There the social system in which man exploits man has been abolished; a new democratic (socialist) political, economic and cultural system has been established; all anti-socialist political parties have been rejected by the people, who support only the Bolshevik Party. But even in Russia, where the Bolshevik Party is the only political party, the governmental authority is invested in the alliance of workers, peasants and intellectuals, or in the bloc of party members and non-party members, and not in the hands of the working class, or Bolsheviks alone. In the same way, Chinese history will determine the Chinese system. A unique form—a new democratic state and regime or a union of the democratic classes—will be produced, which will be different from the Russian system."

"The carrying out of this program will not advance China to socialism. This is not a question of the subjective willingness or unwillingness of certain individuals to do the advancing; it is due to the fact that the objective political and social conditions in China do not permit the advance."* For how long? "In the entire bourgeois

*This paragraph is deleted from revised Chinese editions.

democratic revolution stage, over scores of years, our new democratic general program is unchanged."

Relations between capital and labor

Mao paints an idyllic picture of the harmonious relations that will exist between capital and labor in the "bourgeois democratic revolution" stage. "Under the new democratic state the policy of harmonizing the relationship between capital and labor will be adopted. The interests of the workers will be protected. An eight to ten-hour day system, according to varying circumstances, will be established, as well as suitable relief for the unemployed, social security, and the rights of labor unions. On the other hand, the proper profits, under reasonable management, of state, private and cooperative enterprises will be assured. Thus, both labor and capital will work jointly for the development of industrial production."

One of the more persistent tenets of Maoist mythology is the alleged uncompromising hostility that Mao always held toward the imperialist powers, especially toward British and American imperialism. It is no wonder that those sections of his speech in which he expresses gratitude to these powers are carefully deleted from the revised Chinese versions. For example, in expressing his gratitude to the Soviet Union for its help, he adds: "We are also grateful to Britain and the United States, particularly the latter, for their immense contribution to the common cause—the defeat of the Japanese aggressors. We are grateful to the governments and the peoples of both countries for their sympathy with the Chinese people and their help."

But gratitude never cut much ice with the imperialist bandits. Mao dangled more tangible material benefits to whet their appetites. In the bourgeois-democratic stage, he pointed out, "Large amounts of capital will be needed for the development of our industries. They will come chiefly from the accumulated wealth of the Chinese people, and at the same time from foreign assistance. We welcome foreign investments if such are beneficial to China's economy and are made in accordance with China's laws. Enterprises profitable to both the Chinese people and foreigners are swiftly expanding large-scale light and heavy industries and modernizing agriculture, which can become a reality when there is a firm internal and international peace, and when political and agrarian reforms are thoroughly carried out. On this basis, we shall be able to absorb vast amounts of foreign investments. A politically retrogressive and economically impoverished China will be unprofitable not only to the Chinese people, but also to foreigners."*

In the light of subsequent developments it is no wonder that the

*Deleted from revised Chinese editions.

Maoists subjected the text of *On Coalition Government* to extensive revisions. In his foreword to the American edition, William Z. Foster indicated the setting in which the speech was made. "On April 24, 1945," he wrote, "the day on which the great Chinese Communist leader, Mao Tse-tung, delivered the following report to the Seventh National Congress of the Chinese Communist Party, Allied unity was at a high point. On the following day the United Nations Conference was to open in San Francisco. In Europe the Red Army from the East and Anglo-American forces from the West were rapidly bringing to an end the Hitler state and the Nazi armies. Rangoon and Davao were about to fall to the Allies in the Pacific theater. American Marines were writing a glorious chapter in military history in Okinawa. The Soviet Union had already made clear its intention of joining the war against Japan by abrogating its treaty with the Mikado."

These military victories induced a condition of euphoria in Stalinist circles throughout the world. Coalitionism, i.e., class collaboration, was touted as the wave of the future. On the basis of the pacts and agreements forged by the Big Three, (Teheran, Yalta, etc.) the class struggle was declared outmoded. Peaceful coexistence was to reign supreme. With the exception of the Soviet Union, of course, the struggle for socialism was postponed to the Greek Kalends. In Europe, the French Communist Party entered a coalition government, disarmed the Resistance and, along with deGaulle, proceeded to restore the bourgeois democratic order. The same process was duplicated in Italy. In Eastern Europe, coalition governments were hastily rigged under the umbrella of Soviet occupation forces.

To the consternation of the Stalinist pipedream of an era of permanent peace and prosperity following the war, however, the imperialist jackals resumed their scramble for spheres of influence, markets, areas for the investment of capital, sources of raw material, the super-exploitation of cheap labor and colonial dominion. The war had changed nothing in the nature of the beast. It was not that the wartime coalition was being "pried apart"—as the Stalinists cried—it was coming apart at the seams by virtue of its inherent contradictions. The class struggle, so cavalierly consigned to the limbo of innocuous desuetude, soon asserted its lusty presence.

Dual power in the Chinese revolution

In China, the path to coalition government was bestrewn with booby traps. The Chinese Communist Party headed a surging mass movement that made it a power to be reckoned with. The Japanese invasion of China in the 1930s sparked a recurrent and mounting wave of nationalist feeling that infected all sections of the population. The CCP rode that wave from the beginning. Stalin viewed a Japanese military presence in China with considerable alarm. It was a dagger

pointed at the 3,000-mile Soviet eastern frontier and held the threat of a war on two fronts in the event of a military conflict in Europe.

In *Thirty Years of the Communist Party of China*, published by Lawrence and Wishart in 1951, Hu Chiao-mu, the vice-director of the propaganda department of the CCP central committee wrote that, "after the Japanese invaders had attacked China the Chinese Communist Party was the first to call for armed resistance. In January 1933, the Chinese Workers' and Peasants' Red Army declared that, on the three conditions of ceasing the attacks on the Red Army, safeguarding the peoples' democratic rights and arming the masses, the Red Army was willing to stop fighting and make peace with all other troops throughout the country for the purpose of jointly resisting Japanese aggression."

Needless to say, Chiang Kai-shek rejected the proposal. The Kuomintang had less to fear from the Japanese invaders than from the Red Army. Instead, Chiang mounted a series of major military campaigns designed to encircle and destroy the Red Army. As a result of these offensives the Red Army was compelled to undertake its "Long March" to seek sanctuary in the remote Chinese hinterland. After incredible hardships the Red Army reached North Shensi in October 1935. Hu writes that before the retreat "the Red Army had expanded into a force of 300,000 troops, but after reaching North Shensi at the end of the Long March . . . the Red Army totalled less than 30,000 troops."

But the decrepit and corrupt Kuomintang government offered no effective resistance to the Japanese invaders. Dissatisfaction grew and along with mounting discontent a process of disintegration ensued which led to splits and defections by dissident groups in the Chiang forces. A number joined with the Red Army to carry forward the resistance. In the process, the Red Army and the Chinese Communist Party underwent an enormous expansion. Hu reports that by the time of the Mao speech at the Seventh Congress in April of 1945, there had been created under the leadership of the CCP, "nineteen Liberated Areas . . . with a total population of 95,500,000, a People's Liberation Army of 910,000 (including the Eighth Route Army, the New Fourth Route Army and other anti-Japanese people's troops) and a people's militia of 2,200,000 men who were simultaneously engaged in production." Even allowing for some exaggeration, this was a force of considerable magnitude.

When the war in the Pacific ended with the unconditional surrender of Japan on August 14, 1945, de facto dual power existed in China. Unlike Russia in 1917, where the dual power was institutionalized in the form of Soviets of workers, peasants and soldiers deputies on one side, and the bourgeois government on the other, the dual power in China took the form of rival armies engaged in military conflict. The state, wrote Engels, consists of bodies of armed men. In China the Red Army exercised state power in the "liberated areas"

through the administrative apparatus of the CCP and its "democratic allies."

Hu Chiao-mu explains that the areas under Red Army control were administered by a "coalition" whereby "the 'Three-threes representative system,' namely the system whereby the Communists (representing the working class and poor peasants), the progressive elements (representing the petty bourgeoisie), and the intermediate elements (representing the middle bourgeoisie and enlightened gentry) each contributed one-third of the leading personnel of the government administration, was introduced in all Liberated Areas." But the real power resided in the Red Army controlled by the CCP.

This power existed alongside that of the National government ruled by Chiang Kai-shek and his Kuomintang under a system of "political tutelage," the political formula for Chiang's one-party dictatorship. Chiang's regime was recognized as the legitimate "national government" by the "Big Three," Roosevelt, Churchill and Stalin, in the Moscow Declaration of October 30, 1943. In fact, upon the insistence of Roosevelt, the Big Three was expanded to include Nationalist China and became the Big Four, with the addition of Chiang Kai-shek.

The China White Paper, originally issued in August 1949 under the title *United States Relations With China, With Special Reference to the Period 1944-49*, records that in the fall of 1943: "The United States insisted that China be included as a signatory, together with the United Kingdom, the USSR, and the United States, of the Declaration of Four Nations on General Security, signed in Moscow on October 30, 1943, which recognized the right and responsibility of China to participate jointly with the other great powers in the prosecution of the war, the organization of the peace, and the establishment of machinery for postwar international cooperation." The Moscow Declaration provided the juridical rationalization subsequently used to justify continued financial, material and military support, to the Chiang Kai-shek regime.

Marshall's attempt to mediate the dispute

With the end of the war, both sides invited the U. S. government to mediate the armed conflict which had erupted into full-scale civil war. In December, 1945, Truman designated General George C. Marshall as his personal representative to mediate the dispute.

The United States urged Chiang Kai-shek to "democratize" his regime and to broaden the base of the National government in order to include representatives of various "democratic" opposition groups. Washington favored participation of the CCP in such a "reformed" government. This policy was based on the conviction that the Red Army could not be eliminated by military means. In his later testimony

before a joint session of the House and Senate committees on foreign affairs, February 20, 1948, Marshall observed: "Considering the military aspects of the problem it was clear from V-J Day in 1945 that the Chinese government was confronted by a military situation which made it, in the opinion of virtually every American authority, impossible to conquer the Communist armies by force."

The alternative to a mediated political settlement in Marshall's opinion would be a massive intervention by the armed forces of the United States in which the U. S. "would have to be prepared virtually to take over the Chinese government and administer its economic, military and governmental affairs." This was excluded. For, as Lyman P. Van Slyke observes in his Stanford University Press edition of *The China White Paper*, "Not only were America's resources insufficient for military intervention in [Marshall's] opinion, but the American people would not sanction such a course."

This view was bolstered, not only by the attitude of the American civilian population, but more importantly by that of the American army. When the Truman administration sought to shift American troops to Asia after the end of the war in Europe, there was a virtual rebellion which took the form of a movement to "Bring the Boys Home," which received widespread support from an aroused citizenry in this country. The time was not propitious for a massive American military intervention in China.

Marshall arrived in China in January, 1946. The circumstances were not auspicious. The United States had made commitments to the Chiang regime beginning with the Moscow Declaration of 1943 and there was burgeoning opposition to compromise by the rabid anti-communists in Washington, among whom Chiang had his staunchest supporters. Van Slyke writes, "By October 1944, when General Joseph W. Stilwell, who favored a tough *quid pro quo* policy toward Chiang, was recalled at the Generalissimo's insistence, General Patrick J. Hurley had already arrived in China. He expressed clearly the goals of American policy: to keep China in the war, to support Chiang and the National government, to persuade Chiang to undertake certain reforms, and to promote the unity and democracy to which all Chinese parties proclaimed their dedication. It is clear now that these goals were irreconcilable, for if there was no possibility of withdrawing our support from Chiang, there was no way of getting him to make changes he did not choose to make. America's role as mediator was compromised for the same reason. But this was far from clear at the time, except to those who knew the situation in China most intimately."

Marshall was confronted with two opposing views on how a new "democratic" government was to be established. The CCP insisted that a coalition of the various political parties determine the conditions under which a National Assembly was to be convened and a draft constitution adopted. While granting the National government a sub-

stantial majority, they insisted upon certain safeguards in the form of minority representation sufficient to veto any attempt on the part of the majority to substantially alter the terms upon which agreement was reached.

Chiang insisted that inasmuch as his Kuomintang government was the only "legal" and recognized authority all other political parties should enter the National government with the rights of minority representation as defined by a new constitution adopted by a National Assembly and by the legislative and executive organs created by it. He remained adamantly opposed to granting the CCP minority veto power at any stage of the process of establishing the "new" bourgeois-democratic state.

Chiang's position was publicly endorsed by Washington. In a statement defining "United States Policy Toward China," December 15, 1945, Truman declared: "The United States and the other United Nations have recognized the present National government of the Republic of China as the only legal government in China. It is the proper instrument to achieve the objective of a unified China." It was on this rock that all subsequent negotiations foundered.

Nevertheless, the extent of CCP representation in the post-civil-war government was not the only question open for negotiations between the warring sides, and in the last analysis, it was not the most important question. It was overshadowed by the question of the fate of the Red Army. Truman added in the same 1945 policy statement:

"The United States is cognizant that the present National government of China is a 'one-party government' and believes that peace, unity and democratic reform will be furthered if the basis of this government is broadened to include other political elements in the country. Hence, the United States strongly advocates that the national conference of representatives of the major political elements in the country agree upon arrangements which would give these elements a fair and effective representation in the Chinese National government. It is recognized that this would require modification of the one-party 'political tutelage' established as an interim arrangement in the progress of the nation toward democracy by the father of the Chinese Republic, Doctor Sun Yat-sen.

"The existence of autonomous armies such as that of the Communist army is inconsistent with, and actually makes impossible, political unity in China. With the institution of a broadly based representative government, autonomous armies should be eliminated as such and all armed forces in China integrated effectively into the Chinese National Army." (Emphasis added.)

General Marshall's primary assignment in China was to preside over the liquidation of the Red Army and this he failed to do. But the reason does not lie in political intransigence on Mao's part toward reorganization of the Communist forces in the interest of forming a "new" state. Marshall's failure is fundamentally to be explained

by Chiang's terms for formation of the postwar government. The Generalissimo insisted on unconditional surrender. His terms would have been virtually suicidal for the Communists to accept.

The Political Consultative Conference

When Marshall arrived in China in January 1946, he was gratified to find that considerable progress had apparently been made toward the achievement of his objective. Under prodding from the Americans, both sides had agreed to the convening of a "Political Consultative Conference" [PCC] in Chungking to begin the process of forming a unified national government. A truce had been declared and a joint "Order for the Cessation of Hostilities," had been issued on January 10 in the name of Generalissimo Chiang Kai-shek and Chairman Mao Tse-tung. A number of basic documents were adopted by the PCC designed to lay a foundation for the new state order. These included a "Resolution on Government Organization" and a "Resolution on Military Problems." Examination of these two documents shows how far Mao was willing to go toward the formation of a coalition government and also the points on which Mao and Chiang ultimately could not reach agreement.

The "Resolution on Military Problems" is divided into four sections. "Section I" itemizes "fundamental principles for the creation of a national army": "Point 1) The army belongs to the state. It is the duty of the soldier to protect the country and love the people." "Point 3) The military system shall be reformed in the light of the democratic institutions and actual conditions prevailing at the time." "Point 5) Military education shall be conducted in the light of the foregoing principles, and shall forever be dissociated from party affiliation and personal allegiance."

"Section II" sets forth the "fundamental principles for the reorganization of the army." "Point 1" provides: "Separation of army and party." "Subsection A" under "Point 1" states, "All political parties shall be forbidden to carry on party activities, whether open or secret, in the army."

"Section III, Point 5) A military Committee shall be established within the Ministry of National Defense to be charged with the double duty of drawing up schemes for the creation of a national army and of seeing to it that the schemes are faithfully carried out. Members of the committee shall be drawn from various circles."

"Section IV" covers the "practical methods for the reorganization of the army." Under "Point 1) The three-man military commission shall proceed according to schedule and agree upon practical methods for the reorganization of the Communist troops at an early date. The reorganization must be completed as soon as possible." "Point 2) The Government troops should be reorganized, according to the plan

laid down by the Ministry of War, into ninety (90) divisions. The reorganization should be completed within six (6) months." "Point 3) When the reorganizations envisaged in paragraphs 1 and 2 have been completed, all troops of the country should be again reorganized into fifty (50) or sixty (60) divisions." And in this way would be created the "new" democratic army of the "new" democratic Republic of China.

The "Resolution on Government Organization" provides that, "1) Pending the convocation of the National Assembly, the Kuomintang, as a preliminary measure preparatory to the actual inauguration of constitutionalism, will revise the Organic Law of the National government in order to expand the State Council." It was around the question of the composition of this "State Council" that an irreconcilable dispute subsequently occurred.

"Point 1" under "Section I" reads: "There will be forty (40) State Councillors, of whom the Presidents of the Executive, Legislative, Judicial, Examination, and Control Yuan will be ex-officio members." "Point 3) *The State Council is the supreme organ of the Government in charge of national affairs.*" "Point 6) General resolutions before the State Council are to be passed by a majority vote of the State Councillors present. *If a resolution before the State Council should involve changes in administrative policy, it must be passed by a two-thirds vote of the State Councillors present.* Whether a given resolution involves changes in administrative policy or not is to be decided by a majority vote of the State Councillors present." (Emphasis added.) "Point C) Half of the State Councillors will be Kuomintang members and the other half will be members of other political parties and prominent social leaders. *The exact number of members of other political parties and prominent social leaders who are to serve as State Councillors will form the subject of separate discussions.*" (Emphasis added.)

The "Resolution on Military Problems" was the first to be implemented. An executive "Committee of Three" was established to supervise the cease-fire and to begin the process of "Military Reorganization and Integration of Communist Forces into National Army." The committee was composed of a representative of each of the three parties underwriting the agreement: General Chan Chih Chun, representing the National government; General Chou En-lai, representing the CCP and General George C. Marshall, acting as chairman and listed as "advisor," representing the United States. The process of "integration" was to encompass a period of eighteen (18) months. At the end of this period it was envisaged that all troops would be under the command of the Minister of War to be designated after the National Assembly had established a new government.

The agreement to establish an "Executive Headquarters" to be administered by the Committee of Three was signed by Chan Chun and Chou En-lai on January 10, 1946. But trouble broke out almost immediately. Manchuria had been invaded by the Soviet Union after

it had declared war on Japan in August 1945. To secure the territory for the National government, the United States placed at the disposal of Chiang the planes, ships and personnel to transport his armies to Manchuria. Red Army units in the area also converged on the territory. An open clash was inevitable.

Both sides had agreed to stay away from those areas occupied by Soviet troops. But who was to exercise control in the remainder of the territory? Soon charges and countercharges were hurled by each side that the other was guilty of violating the terms of the cease-fire. The Executive Headquarters of the Committee of Three was paralyzed since the agreement provided that all of its decisions were to be by unanimous consent.

Chiang demanded that the provision for unanimous decision be amended to provide for majority rule. The Americans were all for it but the CCP balked. In June 1946 the Generalissimo issued an ultimatum declaring a 15-day truce in the fighting in Manchuria and demanding that the Red Army withdraw within that period or suffer the consequences. The ultimatum was condemned by the CCP as a violation of the January cease-fire agreement and contrary to the spirit of the PCC resolutions. At this Chiang launched a general offensive against the major forces of the Red Army concentrated in Northern China.

Cold war and a turn in China

Up to this point there had been no reason for a rift between Mao and Stalin. Mao had faithfully adhered to Stalin's coalition line. But the events following the convening of the PCC in January 1946, marked a definite shift in China toward increasing friction, then open hostilities and later, resumption of full-scale civil war. It was this turn of events, I believe, which in retrospect led some to the conclusion that a "break" had occurred between Mao and Stalin sometime in the period 1946-47.

The turn in China was in large part a reflection of the change in the international situation. As has already been noted, the wartime coalition between the imperialists and Stalin came apart with the end of the war. The break was heralded by increasing friction and was publicly proclaimed in Winston Churchill's famous "iron curtain" speech in Fulton, Missouri, March 5, 1946—the opening salvo of the cold war.

Churchill's speech created a sensation. It was obvious that the time, place and setting of the speech was arranged in collaboration with Truman. In China, the turn toward cold war politics along with increased U. S. military aid hardened Chiang Kai-shek's position that the CCP enter the National government on his terms or not at all. Failing a "negotiated" agreement which would lead the CCP into a

suicidal trap Chiang was convinced that Washington would have no alternative but to support his preferred course of mounting an all-out military assault and smashing the Red Army as a prelude to "national unity." Yet, the coalition charade continued until the end of the year.

It took the form of a dispute over the number of representatives to be allotted the CCP on the State Council which was to convene the National Assembly. Of the forty State Councillors fixed by the PCC, 50 per cent, or twenty councillors were allotted to the Kuomintang. Of the balance, the PCC "Resolution on Government Organization" provided that the "exact number" to be allotted to other political parties would "form the subject of separate discussions."

Chiang proposed that the CCP be allotted eight seats and that its front organization, the Democratic League, would get four, or a total of twelve. This number was just short of the one-third required to block any "changes in administrative policy" under the State Council setup. The CCP rejected this proposal. On September 21, 1946, Chou En-lai wrote General Marshall: "If the Kuomintang would agree to appropriate fourteen seats of the State Council to the Chinese Communist Party and the Democratic League, thus definitely ensuring a one-third vote to safeguard the PCC common program from being infringed upon, the whole issue of the State Council can be settled almost overnight."

Under prodding from General Marshall the Generalissimo was constrained to offer a "compromise." On October 2, 1946, he wrote Marshall: "The Chinese Communist Party has been incessantly urging the reorganization of the National government. This hinges on the distribution of the membership of the State Council. The government originally agreed that the Chinese Communist Party be allocated eight seats and the Democratic League, four, with a total of twelve. The Chinese Communist Party, on the other hand, requested ten for themselves and four for the Democratic League with a total of fourteen. Now the government makes a fresh concession by taking the mean and offering one seat for the independents to be recommended by the Chinese Communist Party and agreed upon by the government, so that, added to the original twelve, it makes a total of thirteen seats." He couples this "concession" with the demand that the CCP immediately produce their list of candidates for the State Council and their list of delegates to the National Assembly *and* that it proceed immediately to implement the PCC program for the "reorganization" of the Red Army and its withdrawal to previously "assigned areas."

Thirteen seats was still short of the one-third "safeguard." The "compromise" proposal was rejected in a letter from Chou En-lai, October 9, 1946, to Marshall, in which the demand for fourteen seats "to ensure that the Peaceful Reconstruction Program would not be revised unilaterally." Back and forth, the controversy raged. Chiang Kai-shek refused to be budged.

The U. S. withdraws

While this exercise in parliamentary bickering continued, the real battles were being waged by the opposing armies in the field. Temporary military successes bolstered Chiang's conviction that a military victory was in the cards. Brushing aside the proposals in the October 9 letter from Chou which set forth the terms on which the CCP would participate in the forthcoming National Assembly, Chiang proceeded full-speed ahead to convene the National Assembly, November 15, 1946. This body, in the absence of the CCP, adopted a "democratic" constitution and proceeded to form a "new" bourgeois democratic state with all of the parliamentary trappings attendant thereon. The split became definitive. The CCP was frozen out. The question of state power in China could be resolved only by force of arms.

General Marshall took his departure with a parting shot at Chiang on January 7, 1947, exactly one year from the day he arrived. In a "personal statement" Marshall observed: "I think the most important factors involved in the recent breakdown of negotiations are these: On the side of the National government, which is in effect the Kuomintang, there is a dominant group of reactionaries who have been opposed, in my opinion, to almost every effort I have made to influence the formation of a coalition government. This has usually been under the cover of political or party action, but since the party was the government, this action, though subtle or indirect, has been devastating in its effect. They were quite frank in publicly stating their belief that cooperation by the Chinese Communist Party in the government was inconceivable and that only a policy of force could definitely settle the issue. This group includes military as well as political leaders."

Marshall returned to the United States to become Secretary of State. His mission, which sought to resolve the state of dual power by persuading the CCP to liquidate the Red Army contingent upon the establishment of a coalition government with Chiang Kai-shek failed because of Kuomintang intransigence.

On January 29, 1947, the U. S. Department of State issued a press release which read: "The United States government has decided to terminate its connection with the Committee of Three which was established in Chungking for the purpose of terminating hostilities in China and of which General Marshall was chairman. The United States government also has decided to terminate its connection with Executive Headquarters which was established in Peiping by the Committee of Three for the purpose of supervising, in the field, the execution of the agreements for the cessation of hostilities and the demobilization and reorganization of the Armed Forces in China."

On its part, the CCP continued to press its demand for a coalition

government, but this time excluding Chiang Kai-shek and the Kuomintang "reactionaries." (An editorial broadcast by the North Shensi Radio as late as May 24, 1948, called for the "swift convening of a new political consultation conference by all liberals, democrats and independent groups and organizations and all social luminaries to discuss and approve the calling of a People's Congress to establish a Democratic Coalition government.")

The Communist Party chooses to fight

Meanwhile the cold war continued to heat up. On March 12, 1947, the White House called a joint session of Congress to hear Truman request emergency authority to aid Britain against a new upsurge of the Greek revolution. In this speech Truman laid down what has since become known as the "Truman Doctrine": Washington's manifest destiny to "defend" the "Free World" against "Communist aggression." It was a virtual threat of war against the Soviet Union.

This was followed on June 5 by a speech at Harvard by General Marshall outlining a plan for the rehabilitation and stabilization of capitalism in Europe. The details were worked out at a number of conferences and the "Marshall Plan" was adopted by Congress in November.

These developments threw the Kremlin into a panic. It seemed that once again the question of world war was placed high on the agenda. The spurious "coalition" governments artificially imposed on the occupied countries of Eastern Europe were summarily jettisoned and replaced by "People's Democracies" headed by the various Communist parties. An international center was established in Belgrade designated as the Communist Information Bureau, or Cominform. As its official organ, the Cominform published a paper with the mouth-filling title: *For a Lasting Peace—For a People's Democracy*. In China, Mao hailed these developments as a turning point in the struggle. In a speech to the central committee of the CCP, December 25, 1947, on the "Present Situation and Our Tasks," he declared "The revolutionary war of the Chinese people has now reached a turning point." After commenting on the continued advances of the Red Army in the civil war Mao observed "The various new democratic countries of Europe are consolidating themselves internally and uniting with one another. The anti-imperialist forces of the people of various European capitalist countries, especially in France and Italy, are growing. Within the United States the people's democratic forces are daily growing." (The latter refers to the movement by the American CP to organize the Progressive Party to run Henry Wallace for president in 1948.) And most important of all: "The Communist parties of nine European countries have organized an information bureau and published a summons to battle, calling on the people of the whole world to arise in opposition to the imperialists plans of enslavement." While Mao is so

given to hyperbole that he cannot refrain from exaggeration, the essence of the matter was that a critical division between the Soviet bloc and its imperialist antagonists had developed.

Under the circumstances Stalin could only view with jaundiced eye the prospect of a Nationalist victory in the Chinese civil war or even a coalition regime in which the CCP was stripped of its armed forces to become hostage to a puppet of American imperialism. Stalin was prepared to go to considerable lengths to avoid the danger of a war on two fronts inherent in the control of China by a hostile regime. In the period from June 1946 to the definitive split in China in January 1947 and after, there was no valid reason, either from a political or military view, for a "break" between Stalin and Mao. On the contrary, the interests of the Soviet Union required a friendly ally on its eastern frontier.

Given the choice of unconditional surrender or fight, the CCP elected to fight. Once the war erupted in earnest, the inner decay of the Chiang regime was quickly revealed. Documents in *The China White Paper* offer eloquent testimony: On January 12, 1948: "Observers report no improvement in the morale of the Nationalist forces, now at a dangerously low ebb. Field Commanders and troops are unwilling to fight, except as a last resort, and large-scale defection of combat elements confronted with battle can be expected to continue."

On November 8, 1948: "Within the past few weeks, the government's military power and economic position have so deteriorated that we seriously question its ability to survive for long. There is just no will to fight in Nationalist government armies and in high official circles there is only befuddlement." From the same dispatch: "Only a few days before Mukden fell, the government had five well-equipped, supplied and trained armies in the Manchurian field, the most formidable striking force at its command, and within a few days these armies were lost. They were lost not from battle casualties, but from defection, although among their commanders were numbered officers long associated with the Gimo [Generalissimo], and in whose loyalty he trusted implicitly. The troops at Hsuehou are far inferior to the Mukden garrison, and their commanders are already resigned to defeat. There is no reason to believe in their will or ability to resist an offensive. And when they are gone, Nanking has no defense worthy of the name."

And again: "There appears no reason to believe that the Gimo has, or will consider, a negotiated peace with the Communists, even should they agree to deal with him. This intransigence will prolong the conflict as long as there are any who will stand by him. It remains to be seen how many of his followers will remain when the news of Mukden becomes generally known. Their members will be appreciably less when the assault on Hsuehou begins. Whether he will have enough of a following to attempt a defense of Nanking is problematical, even doubtful, but it seems clear that once he has left Nanking in flight,

he will never again be a really effective political force in this country."

Chiang's armies melted away before the advance of the Red Army so that at the end some of the larger urban centers, including the largest city in China, Shanghai, fell without a shot. Unfortunately, because of the CCP policy to restrain the city workers from rising in solidarity with the approaching Red Armies, Chiang was able to evacuate the remainder of his armed forces to Formosa where he quelled an incipient rebellion and established himself as ruler of Taiwan.

* * *

The theoretical possibility of a Stalinist party taking state power, even with its class collaborationist program and practice, was not ruled out by Trotsky. In the *Transitional Program*, adopted by the founding conference of the Fourth International in 1938, Trotsky observed that "one cannot categorically deny in advance the theoretical possibility that, under the influence of completely exceptional circumstances (war, defeat, financial crash, mass revolutionary pressure, etc.) the petty-bourgeois parties, including the Stalinists may go further than they themselves wish along the road to a break with the bourgeoisie."

That, it seems clear to me, is what occurred in China in the period of June 1946 to October 1949. Capitalism was toppled in China in spite of Mao's program and policies, not because of them. Even a few months before taking state power, Mao held out the perspective of indefinite coexistence with capitalism. "Our current policy is to control capitalism, not abolish it," he declared in July, 1949.

If there was a bourgeois-democratic stage in the third Chinese revolution it can be said to have begun with the abolition of the period of "political tutelage" and the convening of the National Assembly on November 15, 1946. But, in line with the theory of permanent revolution, the National Assembly failed—it did not even try—to carry through the democratic tasks of the bourgeois-democratic revolution. The carrying through of these tasks was undertaken by the regime established by the Chinese Communist Party through a new "Political Consultative Conference" of September 29, 1949—the regime characterized as the "People's Democratic State."

This required no break with the Kremlin; the evidence is overwhelming that Mao considered the conquest of state power by the Red Army and the establishment of a "People's Republic" a consequence of the "teachings of Stalin" and, in the given international situation, in conformity with the interests of the Soviet bureaucracy.

George Novack

SOCIOLOGY AND HISTORICAL MATERIALISM

The place of sociology among the sciences

The process of becoming and being in our world is a never-ending, materially unified whole. This evolutionary process can be divided into two sections according to their order of emergence and their level of development. The first period comprises the development of the physical universe from its observable beginnings up to the advent of the first humans. According to the latest hypothetical calculations, this cosmic evolution took at least twenty billion years.

The second period covers the origins and growth of our species from the point where our primate progenitors graduated from the animal state to the present. This process of humanization has lasted almost two million years.

The natural sciences from astrophysics and geology to biology and zoology deal with one or another sector of the evolution of the material world apart from the social existence of mankind. The social sciences from archaeology and anthropology to political economy and history have as their objects of investigation one or another of the aspects of social life arising from the activities of human beings.

Sociology is one of the social sciences. What are its special features and its relations to other branches of social investigation?

Other social sciences, such as archaeology, economics, demography, law, linguistics, psychology, logic, study special aspects and restricted areas of human activity and achievement. Linguistics, for example, deals solely with the phenomena of human speech and its structural elements. These sciences that seek to discover the laws of a delimited domain of social life necessarily have a narrow, one-sided character.

But society is not actually partitioned into domains completely cut off from one another nor is its development split into absolutely disjointed stages. Human life has developed continuously from its origins to the present. Each stage of human history and its social organization has had an integrated constitution depending upon its mode of production and its appropriate place in the sequence of the historical process.

Sociology is that branch of scientific knowledge which investigates the evolution of society in its entirety and the content of social life in its fullness. It endeavors to discover the laws governing the progress of social life from the most primitive and simple form of social organization to its most complex and mature structures.

Both the laws of nature and the laws of society are historical in character since they are drawn from phenomena engaged in constant change. But social phenomena are qualitatively different from the purely natural events out of which they have grown and in which they remain rooted. Social facts are produced by our species, which obtains its means of existence in a unique manner through cooperative labor. Man's activities of production and their results invest the laws of social development with characteristics distinctively different from those governing other living creatures.

The laws of social evolution have retained certain traits in common with the laws of organic evolution, since up to now these have operated without conscious collective direction or control. That is why Marx regarded "the evolution of the economic formation of society. . . as a process of natural history," as he wrote in the preface to the first edition of Volume I of *Capital*. But the dominant features of the social-historical process are fundamentally different from those prevailing in the rest of reality.

The broad scope and aims of sociology make it the most general of the social sciences. It seeks to synthesize the findings of the rest of the social sciences into a comprehensive conception of the dynamics of the historical process.

Sociology plays a role in regard to the social sciences comparable to scientific cosmology, which comprehensively explains the evolution of the physical universe, or synthetic biology, which aims to provide a coherent picture of the whole realm of living matter.

To the degree that sociology succeeds in comprehending the laws of human development, it provides the other social sciences with a general method of investigation which can serve as a guide to their more specialized studies. There is an unbreakable interdependence and constant interaction between sociology and the more specialized departments of social science, each of which has its relative autonomy. The data provided by these in turn enrich and extend the ideas and method of sociology as it grows.

Sociology seeks to answer such questions as: What is society and

in what respects does it differ from nature? How did social life originate? How and why does it change? What are the most powerful driving forces in its development? Through what stages has social evolution passed? What forms of organization has society acquired? What are the standards of social progress? What relations do the various aspects of the social structure have to one another? What laws regulate the replacement of one grade of social development by the next and the transformation of one type of social organization into another?

Sociology and the philosophy of history

The generality that distinguishes sociology as a science stands out most clearly in contrast with history. These two branches of knowledge are so intimately interlinked that at certain points on their boundaries they are barely separable.

History relates what men did at a certain time and place and under certain specific circumstances, however extensive the period and theater of operations. Sociology takes up where history leaves off. Proceeding from the results of historical research, it seeks to find in them and through them the inner connections and causal laws of the actual historical process. Considerable historical data had to be amassed before sociology became possible.

Sociology and history have the broadest scope of all the social sciences. These two used to merge at that border line which has been designated as "the philosophy of history." This term, invented by Voltaire, refers to the systematic theoretical interpretation of the historical process as a whole, what Hegel called Universal History.

This side of the study of history was energetically pursued by those West European thinkers of the seventeenth and eighteenth centuries who sought to extend to social phenomena the methods which were revolutionizing research into the physical world. They proceeded on the premise that the world of man, no less than the world of nature, was a rational system whose principles of development could be found out and should be known. So they set out to ascertain the causal laws which determined human history.

Although some of their speculations went wide of the mark, these explorers of the logic of the historical process gathered materials and cleared the way for those eminent theorists in the nineteenth century from Saint-Simon to Marx who placed the study of society on solid scientific foundations.

These theoretical inquiries into the motive forces of history were prompted and promoted by practical aims. The philosophers of the Enlightenment who heralded the French revolution, and their successors of the Napoleonic and Restoration periods who

came after the revolution, looked for the efficient agents of history in order to change society according to their lights. Just as the physical scientists had acquired control over nature through deeper insight into its modes of operation, so these thinkers aspired to control the reconstruction of society by understanding and managing the main factors that shaped the course of history.

The authors of the conjectures associated with the philosophy of history were ideological precursors and progenitors of sociology. Whatever was valid in their contributions and conclusions on the whole of human history became incorporated into the science of society.

The philosophy of history as such, however, belongs to the pre-scientific stage of sociological knowledge. It bears the same relation to scientific sociology as alchemy to chemistry and astrology to astronomy. Its hypotheses were stimulating and indispensable so long as the prime motive forces of social development were unknown and being sought for. But once historical materialism uncovered the true laws of social evolution and progressive research guided by scientific principles could replace guesswork, the old purely speculative philosophical approach to sociology was rendered obsolete and retrogressive.

Types of sociological theory

Sociology has a long prehistory going back to the Greeks. Ibn Khaldun, the eminent Berber scholar and statesman of the fourteenth century, was very likely the first thinker to formulate a clear conception of sociology. He did so under the name of the study of culture.

He wrote: "History is the record of human society, or world civilization; of the changes that take place in the nature of that society, such as savagery, sociability, and group solidarity; of revolutions and uprisings by one set of people against another with the resulting kingdoms and states, with their various ranks; of the different activities and occupations of men, whether for gaining their livelihood or in the various sciences and crafts; and, in general, of all the transformations that society undergoes by its very nature." (*An Arab Philosophy of History* by Charles Issawi, London, 1950.)

But sociology is a comparatively recent department of social science. Such sciences as economics and history developed on an independent basis much earlier and faster. Sociology was constituted as a distinct branch of learning only after the French revolution. It was given its own name over one hundred and fifty years ago by August Comte.

Since then sociology has developed in different directions and given rise to a motley host of theoretical approaches. The diverse

schools can be roughly classified into three major categories: the materialist, the idealist, and the eclectic or dualistic tendencies.

Idealists rely upon mental, superstructural or purely subjective factors for the prime explanation of social-historical phenomena. Thus the Swiss writer, Bachofen, who first called attention to the system of kinship through the mothers, said in the introduction to his book *Das Mutterrecht*: "Religion is the only efficient lever of all civilization. Each elevation and depression of human life has its origin in a movement which begins in this supreme department."

The American anthropologist, Alexander Goldenweiser, stated in his work on *Early Civilization*: "Thus the whole of civilization, if followed backward step by step, would ultimately be found resolvable, without residue, into bits of ideas in the minds of individuals."

The British biologist Julian Huxley encompasses the whole span of social development with a similar explanation: "Human evolution occurs primarily in the realm of ideas and their results—in what anthropologists call *culture*. . ." (*Issues in Evolution*, p. 45.)

Historical idealism is prevalent not only in the sciences but in all areas of culture. Thus the literary critic, Alfred Kazin, reviewing *The Life of the Mind in America: From the Revolution to the Civil War* by Perry Miller, asserts: "In the end, the national mind is the national force." This is diluted Hegelianism.

The materialists, on the other hand, teach that everything in social life comes from objective and observable material causes of a physical or man-made character. Thus, in *The Nature of Things*, the Roman poet-philosopher Lucretius attributed the discovery of the uses of metals to men's thoughtful notice of their melting by forest fires and molding in the bed from which the lump of silver and gold, copper or lead, was lifted. He was reaching toward a materialist explanation for the metallic revolution which had given immense impetus to human progress several thousands of years before him.

In the fourteenth century Ibn Khaldun sought to explain the emergence of the civilized state from the primitive tribal community along the following essentially materialist lines: To satisfy the physical needs for food, procreation and protection which they shared with plants and animals, men were impelled to cooperate, learn to make tools and weapons and establish small and simple communities. The development of cooperation and the division of labor led to producing more than was required for sheer survival. The subsequent fierce conflicts over possession of this surplus of wealth threatened the existence of men. To curb their animal appetites and create civil order, they set up a powerful and able ruler who forced the aggregate to obey his directives. Thus kingship

and the state came into existence as the necessary outcome of economic opulence.

The interplay of natural and man-made factors in shaping the course of history was emphasized by the eighteenth century French thinker Montesquieu, who picked out geography and government as the main determinants of social phenomena. The influence of the first factor prevailed in the earlier stages of human development; the second came forward as civilization progressed. But both continue to work together upon the mental life of man and generate his predominant characteristics. Thus heat and despotism made certain Asiatic peoples placid and docile while cold and democracy made some Europeans active in mind and body.

Besides such efforts to apply either idealist or materialist procedures in a more or less consistent and clear-cut manner, we find an array of thinkers who shuttle between these opposing modes of reasoning and arrive at the most incongruous conclusions in their works. The literature of the social sciences is saturated with such eclecticism in theory and method; it is the habitual, normative viewpoint of contemporary Western scholarship.

A characteristic expression of this dualism was provided by Charles Beard, the American liberal historian. His last word on historical philosophy was that ideas and interests were the twin motive forces of civilization. If it be asked which is predominant as a rule and in the long run, he answered that this cannot be ascertained in advance. All depends upon the concrete circumstances of the given case. The door was thus flung open for ideological considerations to prevail over material conditions both in particular and in general.

Although the idealist approach to history is false in principle, it is not all wrong. It takes into account certain features of the development of society. Ideas, opinions, religions, individual action, are all parts of history and contribute to its making. The point is that they are not the decisive factors in social life and therefore cannot serve to explain the rest. They are secondary and derivative elements which themselves stand in need of explanation. The idealistic conception is misleading because it is shallow; it does not get to the inner core, the essential causes, of social phenomena.

Every materialist school of historical explanation has had erroneous and inadequate notions. But their procedure was valid in essence because it oriented social investigation in the right direction. The materialists looked for the motive forces and root causes of social evolution in the influence and changes of the material conditions of human existence and kept digging deeper and deeper into these. With Marx and Engels they succeeded in reaching bedrock: They located the basis of society in the mode of production which arises out of the given state of man's struggle with nature for the means of life and further development.

Historical materialism

Historical materialism is a particular type of sociological theory. It is the sociological method of Marxism. It investigates the same phenomena as rival schools of sociology but in a more probing, many-sided, rigorously scientific way that gives more insight into the total life of society and more foresight about its trends of development.

Historical materialism is not the whole of Marxist theory. It forms a special branch arising from the application of its dialectical and materialist principles to the evolution of society. This is disputed by certain revisionist interpreters of Marxism, like Sidney Hook and Jean-Paul Sartre, who contend that the Marxist domain is restricted to social phenomena, to the life of man, and cannot be extended to nature. The Russian Marxist, Plekhanov, more correctly stated that it had an all-embracing universal jurisdiction.

Plekhanov divided the unified and systematic structure of Marxist thought into three parts: 1) *Dialectical materialism*, the most general approach to reality, which covers nature, society and the mind and which aims to discover the general laws governing the modes of motion in all three interacting sectors of existence; 2) *Historical materialism*, the application of these laws to the development of mankind and the discovery of the specific laws involved in social existence; 3) *Scientific socialism*, the application of the laws of historical materialism to that particular stage of social evolution in which capitalism takes shape, fulfills and exhausts its potential, and passes over to the higher formation of socialism. Thus dialectical materialism is a school of philosophy, logic and theory of knowledge; historical materialism, of sociology; and scientific socialism, of political economy and revolutionary practice.

Historical materialism is accurately named. It did not acquire either element of its designation by chance. Its title formulates the essential features which demarcate this method from other ways of interpreting social phenomena: On the one hand, its derivation of all the higher manifestations of culture from their economic foundations opposes it to the historical idealisms which have been the chief adversary of materialist thought in history and sociology. On the other hand, there have been tendencies which analyzed social processes and structures materialistically but disregarded or minimized their evolutionary aspects. These unhistorical materialisms attributed the basic elements of social formations either to an unchangeable nature or to some fixed traits of human nature.

The distinctiveness of Marxist sociology comes from its fusion of the materialist approach to society with a thoroughgoing evolutionary outlook. It teaches that everything in social life is subject

to modification and transformation in accord with causes of a physical or historical character.

An idealistic philosophy of history may also be evolutionary, as in Hegel, but it vests the ultimate causal agencies in nonmaterial factors such as spirit, mind or God. Marxism in fact originated by detaching the evolutionary outlook projected by Hegel in his dialectical logic from its idealistic context and by removing the nonhistorical elements from preceding materialist theories. Many critics insist that this marriage of dialectical method with materialist principles is impossible. Nonetheless, their indivisible combination constitutes the pith of the Marxist mode of thought in sociology as in all other fields.

The class character of sociology

Sociology could not have arisen or prospered in a homogeneous, harmonious, equilibrated, unchanging, social medium. The accelerated economic changes, social instability and class antagonisms characteristic of commercial civilization were needed to impel men to look for the forces which moved and transformed society.

The earliest systematic observations and critical reflections on the course and causes of social change were made by Greek thinkers in those city-states torn by class conflict where revolutions and counterrevolutions periodically upset and replaced the form of rule. Plato set forth the specifications for his ideal republic in the quest for stability as the obverse of the restless regimes of the commercial slave society around him. Aristotle carefully analyzed the causes of revolution with an eye to preventing, not promoting, them.

Ibn Khaldun brought forth his new science of culture, the first extended essay in sociology, in response to the decline and disintegration of the Islamic states of North Africa and Spain during the fourteenth century. Living in a time of distress and desolation when nomadic incursions and the Black Death had ruined the Maghreb he keenly felt the need for a deeper understanding of history. "When the universe is being turned upside down, we must ask ourselves whether it is changing its nature, whether there is to be a new creation and a new order in the world. Therefore today we need a historian who can declare the state of the world, of its countries and people, and show the changes that have taken place in customs and beliefs," he wrote.

Since his time inquiry into the causes of social progress and regress has been quickened whenever and wherever the social order has been unsettled, turned topsy-turvy, and the historical destiny of peoples has been radically redirected. The upheavals in social relations and political institutions issuing from the development of the bourgeois-democratic revolutions in England, France and North

America provided both the incentives and data for the research and reflections which crystallized in the creation of sociology as a separate science in the nineteenth century.

Conceived, nurtured and functioning in a setting of clashing social interests, the social sciences could not avoid having a class character. In order to serve as tools and weapons in the contest of social forces, they have been bent to class purposes.

This bias can be observed from ancient times. It is obvious in Aristotle's *Politics*. Like other Greek aristocrats, he viewed the state as founded on households where the male is master over wives, children, slaves and all property; the concept of sexual, civic or universal equality is conspicuously absent in Aristotle's social thought.

Coming to our own time, those Anglo-American sociologists who ignore evolution in society, disregard revolutionary changes in social organization, and focus exclusively on functional correlations in small-scale static structures are equally class-conditioned in their outlook. They present the viewpoint of the liberal middle-class intellectual or progressive.

How is the patently class character of social science and its practitioners to be reconciled with the tests of scientific objectivity? This is one of the most vexing problems in the sociology of knowledge. If the vision of the investigator is inescapably blurred and distorted by class motivations, how can any valid truths be attained in the social sciences?

Karl Mannheim offered an ingenious solution. He held that the ideologists of the bourgeoisie and the proletariat are prohibited from being clear-sighted and impartial because they must defend overwhelming material interests. Their views are clouded by a deceptive "false consciousness" and a utopianism, which, despite its unrealism, is in practice the generator of political action and social progress. Fortunately for science, the relativism and subjectivism of the representatives of the major classes can be offset by the capacity of socially detached and politically uncommitted intellectuals to comprehend and appraise social phenomena without prejudice. Thus Mannheim tried to resolve the contradiction between prejudiced spokesmen for contending social forces and the demands of science by vesting the virtues of objectivity in an uprooted but fair-minded intellectual elite with which he identified himself.

Marxism handles this problem in a more correct and consistent way. It acknowledges that the thinkers of every social regime and layer without exception are animated by class considerations, however little or much they may be aware of the influence on them. This class outlook can hamper their work and warp their conclusions. But it is not an insuperable barrier to the acquisition of genuine knowledge and indeed under certain circumstances may prompt and speed its development.

Every successive ruling class — and the rising class which challenges its supremacy — has created a general conception of the world and society conforming to its needs. These ideologies intermingle accurate descriptions and correct explanations of phenomena with prejudices derived from the special situation and outlook of the class formation they speak for. This twofold character permeates Aristotle's *Politics*, which, through his aristocratic angle of vision, conveys valuable information and valid generalizations on the economic, sociological and political features of the Greek city-states.

The demands which a given social order or class imposes upon its ideologists have differential effects upon their capacities to extend knowledge at different points of their historical evolution. When the basic interests of a class accelerate economic development and promote political and cultural progress, the beneficial influence of its predispositions and preoccupations radiates through the sciences and spurs the advance of knowledge.

The science of mineralogy received its strongest impetus from the direct economic interest of the Western European mine owners in the study of rocks. The father of mineralogy, the German physician Georg Bauer (1490-1555), better known under his Latinized name, Agricola, who lived and worked in one of the mining centers of the continent, wrote on the geographical distribution of various economically useful metals, the growth of metallurgy and its machinery in Germany and Austria, and the classification of the minerals known in his time. After him more and more attention was directed to the study of rocks for their potential economic value and many institutions of learning established teaching positions in mineralogy. The growth of this science led to increased knowledge of the history of the earth and eventually to the need for ascertaining a time scale for prehistory. Thus the progress made in positive knowledge and the accrued benefits to mankind transcended and outlasted the drive for private profit which gave birth to mineralogy.

The same considerations are true of the social sciences. The businessmen, financiers and statesmen of the early bourgeois era needed more extensive and exact statistics for trade, insurance, banking, government tax and administrative purposes. Their interests brought the science of statistics into being during and after the seventeenth century. Yet this branch of knowledge has an objective basis and scientific validity which goes beyond the special class motives inseparable from its origins and development.

In order to conduct a successful struggle against precapitalist institutions and ideas, the rising bourgeoisie had to probe more deeply into the structure of society and the motive forces of history. Its economists studied foreign trade, the role of money and the forms of capital and labor, amassing materials and devising theories for placing economics on solid scientific foundations. Its political

thinkers developed theories of popular sovereignty and representative government in opposition to monarchical and theocratic views. Their critical and creative thought introduced lasting enlightenment into these fields of social science.

As one type of social regime has supplanted another in the onward march of civilization, there has been a cumulative growth of knowledge about society. The comprehension of social relations and their modes of transformation arrived at by the most penetrating theorists of one stage of social and scientific development and its dominant class has been reevaluated, sifted and corrected by the leading ideologists of the next higher social formation. Thus the political economy of the working class took off from a critical reworking of the doctrines of the classical bourgeois economists, just as its philosophy combined the principles of previous materialists with the logical method of the German philosophers from Kant to Hegel. In this way the deficiencies and inherent limitations of the outmoded stage were reduced and removed while the store of genuine knowledge was amplified and improved by the fresh findings of the representatives of the more progressive class forces.

The incentives for objective research and judgment in sociology are lessened and the advance of the science slowed down when the major efforts of a class become dedicated to preserving an obsolete system of production and a reactionary political structure. The statesmen and economists of Southern slavery added very little to the sum of knowledge even about the laws regulating their own peculiar social regime. This blindness to the real forces stirring within society and their trends of development has afflicted all decadent and outdated ruling classes. Because they had acted as the dominant power in national politics for decades, the representatives of the slavocracy believed they could continue to hold sway after the economic, social and political balance of forces in the country had decisively shifted against them. The test of the Civil War burst this illusion.

Today the statesmen and ideologists of the major capitalist power expect the United States to exercise the same prolonged supremacy over world affairs that England did one hundred years ago, regardless of the growing weight of the anticapitalist states and forces in this century. Their vision and prevision of world history is impaired, not sharpened, by their class position and prejudices.

The best understanding of society at the disposal of the world working class is contained and codified in the tenets of historical materialism. This is the most comprehensive and integrated system of sociological laws and the most profound interpretation of historical development. It incorporates the verified knowledge of history and society bequeathed from the past with the contributions made by the masters of Marxism.

The needs of the working class in its struggle for emancipation

impose exacting demands and a severe objectivity upon its ideologists. As two world wars and fascism have demonstrated, the working class has to pay heavily for every failure of cognition about the dynamics of contemporary society. It suffers from every instance of ignorance, subjectivity and shortsightedness in the socio-economic analyses of its leaders and scholars.

This puts a premium on finding out the reality of social and political conditions and ascertaining the precise movements of the diverse social forces. False ideas have to be constantly corrected by the results of actual experience in the arena of struggle on a world scale; a more objective and rounded picture of the concrete situation in all its interacting aspects has to be worked out if the historical aims of the socialist movement are to be fulfilled.

These vital stimuli emanating from the movement for liberation from bondage to class society are the lifeblood of the progress of historical materialism. This method teaches that theory and practice, science and experience go hand in hand throughout history. But the two do not evolve symmetrically; their progress is extremely uneven. The understanding of peoples and classes about their situation and tasks has usually lagged far behind their actual relations and the possibilities of changing them.

This gap has never been greater than in the atomic age. Although the world is ready to receive socialism, a considerable section of the working class in the West is not ready to achieve it. Yet the very salvation of humanity depends upon its capacity to intervene as the dominant and decisive force in redirecting the history of our time. The enlightenment and guidance provided by historical materialism can do much to alter the gross imbalance between the immense untapped revolutionary potential of the working people and their present inadequate level of consciousness.

From the 1840s to the 1960s the victories and defeats, advances and setbacks of the masses in their strivings to change the course of history and reconstruct society on new foundations has amplified the method and enriched the content of historical materialism. The greatest value of all science comes from its usefulness in practice. The science of the social process formulated in historical materialism must also meet and pass this supreme test.

The history of the past century has given many proofs of its superior capacities to decipher the past, analyze current events, and forecast the variants of social and political development. Its truth and potency will be irrefutably vindicated as the application of its ideas enables the revolutionary forces to forge a policy which can bring about with the greatest speed and efficiency the abolition of the old order and the building of a better world.

Dick Roberts

THE KEYNESIAN RECORD:

U.S. ECONOMIC POLICIES IN THE SIXTIES

This autumn will mark the 100th month of expansion of the U. S. economy. It is the longest "boom" in U. S. history and one of the greatest capitalist expansions of all time. The "Keynesians" in Washington—economic advisers to the White House, the Treasury Department, the Federal Reserve Board—take credit for the expansion and some even claim they can do it again.

Combining "fiscal" measures, that is, policies of taxation, and "monetary" measures, policies which regulate the money supply, they claim to be able to regulate the economy as though it was a tub of water and they controlled the faucet: now pouring money in to make the economy expand, now turning the money supply off to make the economy contract.

This article examines the actual record of fiscal and monetary policies in the sixties. It compares the "miracle" of the sixties with the "stagnation" of the fifties. The assertions, the facts and the figures of the Keynesians are from their own writings, official and unofficial.

* * *

I. Present problems

On June 30 the U. S. House of Representatives voted by a narrow margin to continue the 10 per cent tax surcharge on incomes imposed by the Johnson administration in 1968, and to discontinue the investment tax credit for corporations dating back to the Kennedy administration (but temporarily suspended in 1966-67). These two measures are strong restrictive medicine. If they now pass the Senate, they will constitute an important further step toward "cooling off the

economy," that goal so fervently desired in U.S. ruling circles but so difficult, it would seem, to attain.

The House debated this bill under "closed rules," thereby limiting the discussion to four hours. It could hardly be described as a pleasant session for the Congressmen on either side. The President, who promised to repeal the unpopular tax surcharge in his campaign and told businessmen he wouldn't tamper with their investment tax credit, had been haranguing House leaders for three weeks about why he changed his mind on both points. They had met with top economic advisers and representatives of banking and industry.

"We have not had a real recession in this country since 1937," Congressman Bolling, a member of the Joint Economic Committee since 1951, explained. "Do not kid yourself . . . We have the greatest economic skew today that we have ever had, and the fault is bipartisan and I am not going to lay the blame here . . . No one knows what will happen if this measure is voted down. Do not take the chance." House Republican leader Gerald R. Ford recalled the pressure that had been exerted by the Johnson administration: "We sat there at the White House and Mr. William McChesney Martin [Chairman of the Federal Reserve Board] made one of the most dramatic pleas that I have ever heard a person make for an affirmative action in a crisis. Mr. Martin pointed out . . . that unless we stood up and passed the surtax, we as a nation faced the distinct possibility that there would be something comparable to the depression of the 1930s . . ."

The men who had voted themselves a pay raise of \$6,687,500 a few months earlier and who know that the real wages of most Americans have been declining because of the war-primed inflation, were understandably reluctant to vote a tax increase, even in order to curb the inflation. The final tally was 210 for, 205 against. Unity in the face of adversity is not a high-ranking virtue of capitalist politicians.

But the dangers facing the American economy are real and apprehension about the future is growing from day to day. When Secretary of State Rogers suggested a week later that wage and price controls might be necessary if the tax surcharge law was not passed in the Senate, the stock market plummeted 35 points to a low for the year.

Since December 2, 1968, prime interest rates have climbed in five successive leaps from 6.25 to 8.5 per cent, the highest interest American banks have ever charged to major corporations. Consumer prices rose 4.8 per cent in 1968 and are rising at a rate of close to 6 per cent in 1969. In the single month of March they rose at an annual rate of 8 per cent. "To allow the surcharge to lapse," the Mellon National Bank and Trust Co. warned June 27, "would serve to perpetuate and prolong the inflationary spiral and drive interest rates even higher. Furthermore, the psychological impact of

abandoning even this modest measure of fiscal restraint could touch off a disruptive boom and bust cycle of business activity and trigger a worldwide loss of confidence in the integrity of the dollar with ominous implications for the expansion of world trade.”

Is Washington in control?

It is becoming increasingly evident that the economic advisers in Washington have lost the reins on the economy they seemed to have four and five years ago. Even as late as 1967, when a combination of tight money and increased taxes had slowed the economic upsurge of 1966, the Council of Economic Advisers (Gardner Ackley, James S. Duesenberry and Arthur M. Okun) declared: “The main lesson is clear from the record: economic policy was used effectively to restrain the economy during 1966, much as it had been used during the preceding five years to stimulate demand.” (*Annual Report*, p. 50.)

But the slowdown they produced in mid-1966 threatened to turn into a recession in 1967, a course that had to be ruled out at a time when the war was still escalating and there had already been several summers of stormy black protest. The reins were eased and the economy resumed its frenzied inflationary climb. The *Annual Report* of February 1968 lacked the air of certainty of one year earlier. Now the economic advisers wanted an immediate tax surcharge as the “first order of business in 1968” to “promote the balance of payments . . . The task of decelerating price and cost increases and of gradually restoring price stability,” they said, “is a key assignment for economic policy in 1968.” (p. 39.)

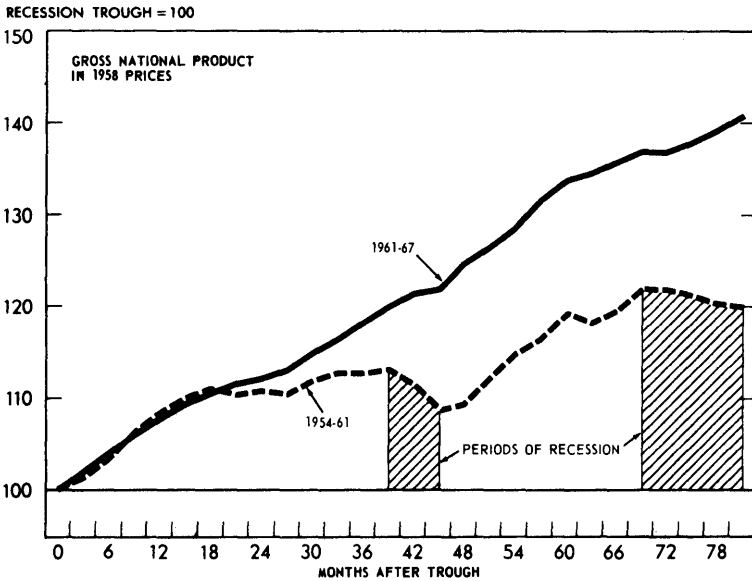
But Congress did pass the tax surcharge in 1968 and there were some who voted for it then who were no longer on Capitol Hill a year later to reconsider the question. The measures that were supposed to “decelerate” price inflation and “avoid” credit stringency seemed to end up accelerating price inflation and pushing interest rates to their all-time high. The economy of 1969 was in worse straits than the economy of a year earlier. And the same economic specialists were telling Congressmen to do the same thing, only more so.

In order to understand the mechanisms that have pushed the U. S. economy into this contradictory state of affairs and to understand the course the Nixon administration is undertaking, it is necessary to review the main tendencies of the U. S. economy in the past eight years—in the famous “boom of the sixties.” This is particularly worthwhile because the course the administration is following is recessionary. For all their claims to the contrary, the directors of economic policy in Washington have once again decided that eco-

conomic slowdown and unemployment is the only solution to their problems.

The first 80 months of the boom are depicted below in a chart reproduced from the 1968 *Annual Report* of the Council of Economic Advisers, p. 60. This calls attention to the most significant differences between the economic upturn that began in 1961 and the two previous cycles which began in 1954 and 1958. Whereas the Eisenhower administration had responded to each real or potential price inflation by severely restricting credit and ultimately inducing a recession,

Real Gross National Product After the Recession Troughs of 1954 and 1961



the Kennedy and Johnson administrations followed a policy of easing credit even while the government was running budget deficits.

Keynesian economists take credit for the wisdom involved: "All five members of the council [in 1961 when Kennedy took office: Walter Heller, James Tobin, Kermit Gordon (the latter two were later replaced by Gardner Ackley and John Lewis)]," Seymour Harris wrote, "believed in Keynesian economics. They therefore,

above all, sought adequacy of demand. That is, when the private economy is foundering because the goods being produced are not being taken off the market at profitable prices and, hence, output falls below the potential—at such times the government should intervene through increased public spending (and) or reduced taxes. The objective of their economic policy is a balanced economy, not a balanced budget.” (*Economics of the Kennedy Years*, 1964, p. 22.)

Much as has been made of this philosophy, a closer look at the economic realities of the early sixties convinces one that the choices made by the Kennedy administration corresponded to the needs of U. S. monopolies. Furthermore, as the sixties progress, it becomes evident that the contradictions of the world market and the cost of driving back the colonial revolution overtaxed the ingenuity of the economic specialists. The contradiction between the needs of monopoly and the capacity of markets explains the present economic impasse, not any good or bad choices by economists. And finally, even a cursory glance at a few other statistics for the period shows how the Keynesian “miracle” actually operated—by taking money out of the pockets of workers and putting it into the hands of the corporations. Between the first quarter of 1961 and the fourth quarter of 1968, corporate profits after taxes increased 109.8 per cent, 10.4 per cent per year; per capita disposable personal income increased 32.7 per cent, 3.7 per cent per year. In terms of real purchasing power, the figure for weekly paychecks in June 1969 is \$2.24 below the figure for last September and below the yearly averages for each of the last four years.

The major forces of the economic history of the sixties have been the imperialists’ need for profits on a domestic and international scale, in the context of the growing challenge of Western Europe and Japan, and the war in Vietnam. Next to these, the labor of the Keynesians has been entirely secondary. To prove this it is necessary to go back to the days when the Kennedy administration took office.

II. The Keynesians come to power: 1961-1965

Kennedy considered that one of the central economic problems facing his administration was the persistent balance of payments deficits which had averaged more than \$3 billion a year since 1958: “The United States must, in the decades ahead, much more than at any time in the past, take its balance of payments into account when formulating its economic policies and conducting its economic affairs,” one of the first state papers of the new president declared, February 6, 1961. It had been the Eisenhower administration’s attempt to combat negative payments balances through tight money policies that ended up with the 1960-61 recession.

How could the dollar be protected without incurring a recession?

Even more important, why is the balance of payments so crucial to the U.S. economy that the Republicans were willing to risk, and actually incurred, a recession in order to achieve a favorable balance? The question is fundamentally one of imperialist domination in the world market.

The negative balance of payments stemmed from the fact that throughout the postwar period, the U. S. spent more dollars abroad than these investments returned and than foreign nations spent in this country. U. S. dollars went to stabilize the war-wracked European and Japanese economies and to finance a worldwide network of military bases. At the same time U. S. monopolists purchased whole sectors of foreign industry, not only in the underdeveloped world but in Europe as well.

The Bretton Woods agreements of 1944 made the dollar supreme in the world monetary system. According to the "gold-exchange standard" that was adopted, the dollar would back international currencies and the dollar itself was backed by the huge stockpile of U. S. gold in Fort Knox. The U. S. guaranteed that it would exchange gold for dollars with foreign central banks. Only the dollar was so privileged. This system obviously gave U. S. imperialism the upper hand, since it manufactured dollars—and dollars were "as good as gold." Wall Street flooded the world capitalist market with U. S. goods and dollars.

For a long time, until the late fifties, the United States was not immediately concerned with the balance of payments because of its large positive balance of trade. U. S. firms were able to sell more American goods in foreign markets than the American market absorbed in foreign goods. The dollars that flowed out in foreign investment and military expenditures flowed back in world trade.

But this overwhelming U. S. advantage in world trade and the big stockpile of gold in Fort Knox have been undermined and depleted by the resurgence of the European and Japanese economies beginning in the mid-fifties. The imperialists abroad began to fight "dollar diplomacy" (the exception, of course, being Britain, whose dependency on the dollar rules out any consideration of rebellion). Foreign governments put pressure on Washington by turning in their dollars for gold.

The question of the balance of payments was consequently a question of the test of strength of U. S. imperialism, that is, a question of the stability of the world monetary system *backed by the dollar*.

Eisenhower was willing to go so far as sacrificing domestic expansion to protect the international position of the dollar. By tightening the money supply and thereby forcing banks to raise interest rates, the Federal Reserve Board could make investment in the U. S. more profitable for foreign capitalists. The inflow of their investments would provide Washington the counterweight to the flow of dollars abroad. This technique actually worked in 1968, as is described below, but in

the Eisenhower years, the imposition of tight money strangled domestic expansion without improving the balance of payments. The prospect of a recession does not attract foreign investment.

The balance of trade

The balance of payments was already in trouble. But the more farsighted capitalists (including Kennedy himself and some of his advisers) saw bigger troubles approaching. In 1960, the U. S. trade surplus was \$3.8 billion; in 1961, \$5.4 billion; in 1962, \$4.8 billion; and in 1963, \$5.3 billion. This was hardly a steady march forward. A parallel set of figures led to even more pessimistic conclusions: the declining U. S. *share of world exports*.

Writing in 1963, Seymour Harris noted that "from 1953 to 1962 the United States share of world exports of manufactures among highly industrialized countries dropped from 26.2 to 19.9 per cent. Only the United Kingdom had an equally bad record . . . An examination of U. S. exports of all commodities reveals similar disappointments. From 1953 to 1962 despite the upward relative trends for industrialized countries, U. S. exports dropped from 21.8 per cent of world exports in 1953 to 17.4 per cent in 1962." (*Economics of the Kennedy Years*, p. 160 ff.)

Harris blamed it on "relative rises in productivity [abroad] related to a changeover to larger scales of production; great expansion of capital which was, in turn, associated with the import of American capital; and substantial advances in technology, again tied to increased recourse to large-scale output and to American technology. A large part of the explanation of our losses," he added, "lies in the considerable advance in Western Europe in a relatively few industries, such as automobiles and iron and steel . . ." Harris, who was senior consultant to Secretary of the Treasury Douglas Dillon, concluded, "the crucial problem is the United States competitive position, an improvement in which should increase the excess of exports over imports."

The Kennedy administration ruled out a tight-money-followed-by-recession course of righting the balance of payments. *A recession would further retard the needed technological advance*. U. S. industry was on "dead center"—in the vernacular of the period—and Kennedy wanted to "knock it off." Secretary of Labor (!) Arthur Goldberg told a National Press Club audience in 1961, "around \$75 to \$90 billion of our plant and equipment is obsolete . . . We must regain our pre-eminence in this field, using the tax system if necessary."

Two important tax measures were adopted in 1962 to stimulate business investment: Depreciation rules were liberalized and an investment tax credit of 7 per cent on machinery and equipment was

enacted. These were long-range benefits to corporations. Over time, capital investment began to increase. By 1964 a new drive toward technological superiority in world trade was underway in U. S. industry—a drive that will now let up only in recessionary periods. The capital-investment boom of 1964-65 was further stimulated by direct corporate and income-tax reductions, which Kennedy had proposed in August 1962, but which were delayed in Congress until February of 1964.

A final and decisive impulse to business investment, pushing the expansion into 1966, came with the massive escalation of the war in Vietnam. This provided markets for war materiel. But it was also a spur towards non-war-goods investment because it “virtually assured American businessmen that no economic reverse would occur in the near future,” in the words of the 1967 *Annual Report* of the Council of Economic Advisers (p. 46).

Kennedy’s tax program was difficult for some Congressmen to swallow because it forced them into the open as supporters of big business at a time when Democrats could still claim some distinction between their policies and those of the Republicans who brought on two recessions. Kennedy had gone so far as to promise “tax reform.”

This sticky issue is worth examining briefly because it has come up again in the present Congressional tax dispute. U. S. income taxes, which are supposed to be graduated as to income levels, are notoriously contrived in order to benefit the wealthy. In the June 30 debate on the tax surcharge in the House of Representatives, one Congressman asked, “When there are 155 people with \$200,000 incomes who do not pay taxes—why should the ordinary taxpayer not rebel? When he reads about 21 millionaires who do not pay taxes, I can understand his fury. When the 22 largest oil companies pay only 8.5 per cent on their \$6.8 billion profits, I see the discrepancy. When a person earns between \$5,000 and \$15,000 annually and pays 30 per cent of it for taxes, I can understand the resentment.”

There was good cause for resentment among some Kennedy supporters. One of them wrote in 1964, “The fact that Kennedy gave a lesser priority to reforms was initially overlooked by cheering liberals; they forgot how easily the reform part of the package could be abandoned . . . Reform was the bait—what Kennedy wanted was the tax cut.” (*The Free Enterprisers: Kennedy, Johnson and the Business Establishment* by Hobart Rowan, p. 233.)

Chief Keynesian Walter Heller was not so glum. He told the Societe d’Economie Politique in Paris, November 7, 1963: “Traditionally, the Democratic Party has placed great stress on tax measures to benefit consumers. But the force of circumstance has raised investment in productive equipment to a higher and higher priority . . . Such measures would have been considered unnecessary, perhaps even ‘un-Democratic,’ ten or fifteen years ago.”

'Problems' of employment and price stability

During each of the three recessions since 1950, unemployment rose sharply and then returned to increasingly higher plateaus of unemployment after the downturn: to about 3 per cent in 1952-53; 4 per cent in 1955-57; and 5.5 per cent in 1959-60. There had been a total of 5 million unemployed at the bottom of the 1957-58 recession; 14 million were unemployed part time. Kennedy promised to break through the 5 per cent "unemployment barrier" and finally in 1966, the fifth year of expansion, unemployment dropped below the 4 per cent level where it has remained ever since. Was this the result of sophisticated financial policies?

A certain amount of unemployment, as Marx long ago explained, is a fixed necessity under capitalism and a capitalist economy cannot tolerate full or even near-to-full employment over an extended period of time. Such periods inevitably give rise to price inflation because of the combustible combination of high employment and high capacity utilization: The monopolists, on one side, are in a position to maximize profits because competition is limited. The workers, on the other hand, are in a position to fight for better wages because near-to-full employment gives them leverage against the bosses.

In the first phase of an economic upturn, when wages have been weakened by the previous downturn and workers are anxious to get jobs as they become available, the monopolies increase their rates of exploitation and profits begin to climb. But these types of profits are threatened as soon as workers reach employment levels that enable them to fight back. Finally, as near-capacity production and employment set in, the monopolists are once again able to increase prices: Their competitors are also operating at or near capacity and do not have the "incentive" to undercut price increases; since profits are generally high throughout the economy, there is less attraction for a firm seeking higher profits to enter another industry. This form of profit expansion is inflationary: *prices are being raised without any increase in demand.*

Workers have to catch up. The inflation cuts into their real wages. But they are now in the best position to win better pay precisely because of the high employment conditions. Apologists for capitalism like to call the result a wage-price spiral but it is quite obviously a *price-wage spiral.*

To a certain extent the higher and higher unemployment levels which occurred in the United States in the fifties were a consequence of the monopoly power of U.S. industry. The monopolists had rebuilt the plant and equipment worn out during the depression and World War II. Their profits were plowed into the expanding Euro-

pean economies abroad and plant and equipment investment began to fall off at home. The combination of recessions, inflation and increased unemployment levels all the more enhanced monopoly superprofits, keeping the rate of real-wage rise in the United States substantially below the rates in most European countries (although, of course, U. S. workers started at much higher wage levels and the wage differential is still great).

Furthermore, this pool of unemployed workers created by the recessions of the fifties was an important source of the expansion of the sixties.

But price inflations have tended to become more and more unacceptable to the imperialists with the intensification of world competition. Since they are engaged in world trade, high prices undercut the capitalists' ability to sell their goods in foreign markets; at the same time, the high prices of domestic goods allow foreign products to penetrate the domestic market.

Furthermore, the "classical" solution to this problem, recession, now carries the overhead expense to the imperialists of allowing their "own" economy to lag behind those of their competitors. In this sense, the postwar U. S. recessions were a luxury American imperialism could indulge in because of its dominance in world trade. That is a luxury it can no longer afford. By 1962-63, as I have already noted, the Kennedy administration ruled out the solution of recession.

But text-book Keynesianism requires periods of cyclical unemployment to counteract periods of cyclical price inflation. "Peaks" could be avoided, according to this theory, by federal intervention to cut back on spending and to tighten the money supply. This would increase unemployment and prevent a peak. When unemployment rose back to "acceptable" levels, the restraint would be relaxed and the economy would be allowed to expand. The men in the White House in 1962 succeeded in stimulating the economy by increasing federal spending and easing monetary restrictions. But this also ensured a price inflation which began to develop in mid-1965. A comparison of the relevant peak periods is shown below.

The fact that unemployment ultimately fell below the 4 per cent level did not result from the policies of stimulating the economy followed by the Kennedy and Johnson administrations. It was caused by the war in Vietnam. Without that war, the capital spending boom of 1964-65 would have peaked out with price inflation and overproduction, inevitably leading to a recession. The economic specialists who engineered that expansion never expected unemployment to fall below 4 per cent or even down to 4 per cent. "It is now clear," Seymour Harris wrote in 1964, "that the combination of monetary and fiscal policy required to bring unemployment down to 4 per cent by 1964 or 1965 would be very difficult to achieve . . . An annual needed rise of GNP (Gross National Product) of \$40 or

\$50 billion would require a cut in taxes plus a rise of federal spending which would not be acceptable to the Congress or their constituents." (pp. 6-7.) Nevertheless the GNP did rise \$52 billion in 1965 and \$63 billion in the following year, but this was because of the war.

TABLE ONE
PRICE INCREASES
DURING PERIODS OF HIGH EMPLOYMENT

<u>Period</u>	<u>Per cent unemployed</u>	<u>Per cent increase in consumer price index per year</u>
January 1947-January 1949	3.8	5.5
September 1950-November 1953	3.2	3.2
May 1955-September 1957	4.1	2.4
July 1965-December 1967	3.9	2.9

As to the fundamental problem, Ackley, Duesenberry and Okun admitted in their 1968 *Annual Report*: "Neither the United States nor any other major industrial country has fully succeeded in combining price stability with high employment."

III. The fight for world markets

It was only belatedly that the monopolistic giants of U. S. industry woke up to the impending end of their epoch of unchallengeable supremacy in world trade. As late as 1963, some on Wall Street could joke about the mountain of cash profits that was piling up without productive outlets. "The Detroit gag about General Motors," Hobart Rowan writes, "which in mid-1963 had \$2.3 billion in cash and securities (more than the assessed property valuations in 18 of the 50 states) is that GM is saving its cash in order to buy up the Federal Government." (p. 48.) When Kennedy rolled back a steel price increase in 1962 some investors ultimately panicked, leading to a sharp dip on the stock exchange.

Plant and equipment investment in U. S. manufacturing industries rose \$1 billion in 1962, \$1 billion in 1963, \$2.9 billion in 1964 and \$3.9 billion in 1965. At the beginning of 1964, about one-fourth of manufacturing equipment in use was less than 3 years old; by the end of 1966 this had grown to one-third. Comparing the five-year

periods of 1955-60 and 1960-65: in the first period, manufacturing plant and equipment investment rose from \$11.4 billion to \$14.5 billion, or 26 per cent; in the second period, which began with a decline of investment to \$13.7 billion, investment rose by 1965 to \$22.5 billion, or 64 per cent.

The increases in real GNP for the United States and its main competitors over the same two five-year periods is shown in Table Two below.

TABLE TWO
CHANGES IN REAL GNP IN THE U. S.
AND COMPETITOR NATIONS
1955-1965

	<i>percentage increase per year of total real GNP</i>	
	<u>1955-60</u>	<u>1960-65</u>
United States	2.2	4.7
Germany	6.3	4.8
France	4.6	5.1
United Kingdom	2.8	3.3
Japan	9.7	9.7
Italy	5.5	5.1

The cooling off of the boom produced by the rebuilding of Europe and Japan had pluses as well as minuses for U. S. monopolists. It narrowed the wage differential between U. S. and foreign labor. The big increases in the European standard of living inevitably meant that the rates of exploitation tended to decline. In the first part of the postwar period there were also the population fluxes, from the "underdeveloped" south (Portugal, Spain, Southern Italy, Greece, Turkey) to the advanced north (France, Germany, Northern Italy, U. K.). And these exerted additional downward pressures on wages. But stabilization brought with it an end to these fluxes and even a certain "de-migration." "The data do make clear," the Council of Economic Advisers stressed in its 1968 *Annual Report*, "that during much of the decade of the 1950s, U. S. costs and prices rose faster than those of our major competitors. Within recent years, however, the situation with respect to costs was reversed.

“In manufacturing, U.S. unit labor costs (the largest element in total costs) declined between 1961 and 1965, while costs in other countries except Canada increased substantially [Table Three] . . . Many of our trading partners are facing fundamental structural changes in their economies. The labor supply situation that permitted the period of extremely rapid growth in Europe had altered fundamentally. The growth of the European labor force in the next decade will be much smaller than in the recent past, and less scope remains for shifting European labor out of less efficient pursuits, such as agriculture, or out of unemployment into industrial activity. This will mean greater European demands for labor-saving machinery, in which U.S. producers hold a marked competitive edge; it may also increase pressures in the European labor market and strengthen the bargaining power of European workers [this concern of Washington’s economists for European labor is touching — D. R.]. Finally, with the elimination of all tariff barriers this year, internal EEC trade will no longer receive the further benefit of periodic duty reduc-

TABLE THREE

UNIT LABOR COSTS IN MANUFACTURING FOR THE UNITED STATES AND ITS COMPETITORS*

	<u>1962**</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
United States	99	98	98	97	99
Canada	99	98	97	99	103
France	107	112	117	119	116
Germany	107	110	110	117	123
Italy	107	118	123	120	118
Japan	109	114	111	118	115
U.K.	103	102	103	108	113

*Ratio of wages, salaries and supplements to production.

**1961 = 100

tions. Therefore, with proper economic management at home, the United States has an excellent opportunity to strengthen its trade surplus over time.” (pp. 177-8.)

But U.S. imperialism has been largely deprived of the benefits of this situation by price inflation. The wage differentials between U.S. and foreign labor have not been overcome. They remain the most pressing problem to U.S. monopolists in world competition.

Inflation: 1966-1967

The inflationary character of a period combining near-to-full employment and near-capacity utilization has already been described. The years 1965 and 1966 showed that the U. S. was no exception to the rule. As of mid-1965 unemployment was down to 4.5 per cent. At the end of 1966, manufacturing industries were operating at an estimated 89 per cent of capacity, a level exceeded only in 1951 and 1953 in the postwar period. The big upsurge in war spending, beginning in mid-1965, assured that inflation would accelerate: not only because of the directly inflationary effects of government expenditures on war goods, but also because the war served to prevent a recession and capital investment surged ahead when the economy was already "overstrained," in other words, when unemployment was already at a low level.

Consumer prices, which had increased at the rate of about 1 per cent per year since 1958, climbed 2 per cent between December 1964 and December 1965 and 3.3 per cent between December 1965 and December 1966. Housewives picketed supermarkets across the nation and workers fought for higher wages. Between November 1965 and September 1966, they won an average hourly earning increase of 3.4 per cent.

But even these wage increases were too much for the imperialists. President Johnson spluttered about a "wage-price guideline" of 3.2 per cent, which was actually lower than the 1965-66 increase in consumer prices already mentioned. The Council of Economic Advisers complained, "Workers in low-paid occupations could not be retained without substantial upward adjustments of wage scales. Moreover, reduced unemployment strengthened the bargaining position of unions and weakened that of employers . . . Prices of services of all kinds continued to rise, and at an accelerated rate, as wages in many service occupations were increased substantially . . . Experience shows that rapidly rising prices can quickly erode a country's competitive position in international markets." (1967 *Annual Report* p. 73.)

The capitalists' high-employment problem was exacerbated by the war in Vietnam. Just when they needed more unemployment to lower wages, they decided to throw tens of thousands of young men into the trenches of Vietnam which stimulated a war industry employing tens of thousands of others at home. Predicting (and fervently hoping) that the armed forces level in Vietnam would reach 600,000 by the end of 1967, the *U. S. News and World Report* agonized about the resulting effect on the labor force: "Labor shortages—skilled and even unskilled—will grow more severe. Unemployment, now at 3.9 per cent of the work force, will slip to 3.5 per cent by next spring, and fall to a mere [sic] 3.1 per cent by year-end . . . A manpower

squeeze is the biggest single economic worry for the months ahead . . . Says one planner: 'The major impact of a troop build-up will be to aggravate shortages of labor. That will mean even bigger wage demands—and settlements—than would otherwise be the case. So we can expect more wage-price push, more inflation.'" (September 12, 1966.)

As early as December 1965 the Federal Reserve Board had anticipated the "crisis" of a tight labor market and began raising its discount rate in order to tighten the money supply. The wisdom here was straightforward enough: Interest rates would be driven upwards enough to cause a transfer of labor from interest-sensitive sectors of production (like housing) toward the war industry without necessitating wage increases in the process. A little later President Johnson suspended the 7 per cent tax credit to corporations. As production began to decline in the fall of 1966, *Business Week* assured its readers that, "The experts see the declining indicators only as a sign that the monetary policy is being used in a wholly new way; to make the civilian economy give up its command over scarce resources, thereby freeing them for use in Vietnam." (October 8.)

But this plan was already out of hand by winter. The main factors which would produce a recession had developed: housing construction fell off by one-third; layoffs were beginning in auto; inventories pushed far ahead of sales; there was a slight decline in capital investment. Alarmed at this manifestation of a recessionary downturn, the Federal Reserve Board went into reverse. Credit restrictions were loosened in the closing months of 1966 thereby easing the money supply. The tax credit to business was restored. And when the inventory liquidation had ended by mid-1967, the economy, spurred on by war, resumed its previous inflationary pace.

The Council of Economic Advisers commented on this experience and also made a cogent observation: "While the avoidance of recession was a major favorable development, it cannot be read as an indication that the business cycle is dead. On the contrary, the sharp inventory swing showed the continued vulnerability of the economy to cyclical forces." (*Annual Report*, 1968 p. 43.)

Even more significant, however, was another comment elsewhere in the report: "The unsatisfactory price performance of 1966 continued through 1967; consumer prices again rose nearly 3 per cent." (p. 39.) In other words, the fiscal and monetary policies had failed to do the most important thing, so far as Washington was concerned. They nearly precipitated a recession; but they failed to stem the inflation. The U. S., at the end of a year of international monetary crisis, was in a worse position than before.

The inflation allowed foreign goods to enter the U. S. market, possibly even faster than the economists of the Kennedy administration had feared. The U. S. trade surplus rose from 1963's \$5.3 billion one more year to \$7 billion in 1964 but then began to slide. The

trade surplus was \$5.3 billion in 1965; \$3.8 billion in 1966 and 1967; and \$1 billion in 1968.

Imports of certain manufactured goods soared—particularly steel, industrial machinery, autos, electrical equipment and textiles. Imports of TV sets went up 60 per cent in 1968 alone. Steel imports are perhaps the most striking, rising from less than 3 per cent of domestic consumption before 1964 to 15 per cent in 1968. The impact of these imports on the U. S. steel industry's monopoly pricing is significant. Steel prices increased 35 per cent between 1953 and 1961 but only 7.5 per cent between 1961 and 1968!

The intensification of world competition in auto has been more noticeable to Americans, since much of the battle in world auto seems to take place in the commercials on American TV. One million foreign cars flooded into the U. S. last year, well over half of them West German Volkswagens. Henry Ford II recently told *Der Spiegel*, "Yes, we were not on our toes in the past. Yes, the Japanese are more dangerous competitors than Europeans. Yes, they make him 'furious.'" Ford added, "I would have gladly bought Volkswagen in 1948, but unfortunately that did not happen. I talked about it with representatives of the British Military Government in Germany at that time, but they said 'no.'" (Translated in *Atlas*, June 1969.)

The upsurge of imports would have capsized the U. S. balance of payments in 1968 were it not for the sharp rise in interest rates which also took place. These high interest rates coupled with a booming stock market attracted a heavy increase in foreign investment in this country, which jumped from about \$3 billion in 1967 to well over \$10 billion last year.

U. S. investment abroad

Throughout the postwar period, the U. S. ruling class has steadily increased its foreign investments, and this has taken place in three successively larger leaps: first, after the war itself; secondly, beginning in 1955; and thirdly, beginning in the early sixties: Total direct investment abroad (that is, investment where the U. S. stockholder has controlling interest or at least 10 per cent of the outstanding stock) stood at \$11.8 billion in 1950; \$19.3 billion in 1955; \$33 billion in 1960; and \$66 billion in 1968. The total value of all U. S. assets and investments abroad today stands close to \$150 billion.

These investments have been directed more and more toward other advanced capitalist nations. Harry Magdoff calculated the shifting composition of U. S. investments in "The Age of Imperialism" (*Monthly Review*, June 1968, p. 43.): In 1950, U. S. direct foreign investment in manufacturing stood at \$3.8 billion, with 15.1 per cent of this in the three largest Latin American nations, Mexico, Argentina and Brazil, and 24 per cent of it in Europe. By 1966 the total direct

investment in manufacturing had grown to \$22 billion with 11.4 per cent in Mexico, Argentina and Brazil and 40.3 per cent of it in Europe.

It is evident that whatever the vicissitudes of the U. S. economy at the time, the monopolists have pumped more and more capital abroad. Striking cases of this occurred in the sixties when the U. S. was already experiencing large balance of payments deficits and supposedly marshalling all of its energy into halting the outflow of dollars. But 1964 and 1967 saw record-breaking totals of foreign investment: \$11 billion in 1964 and \$10.4 billion in 1967. The Council of Economic Advisers found the jump in 1964 "difficult to explain" in its 1967 *Annual Report*: "Earnings on investments in Europe have fallen since 1962. Between 1955 and 1962, rates of return on investments of U. S. manufacturing affiliates in Europe, at 14 to 19 per cent, were significantly higher each year than the 10 to 15 per cent earned by U. S. manufacturers at home. However, since 1962, earnings on direct investments in Europe have varied between 12 and 14 per cent, about the same as, or—in 1965—even below, those in the United States." (pp. 183-4.)

The Council of Economic Advisers appears to forget that the interests of the capitalist rulers are not uniform and that some financiers may have been even more far-sighted than the Keynesian experts. Faced with continued inflation, these investors saw the potential profitability of *manufacturing goods abroad and selling them in the United States*.

In fact, the world network of foreign subsidiaries of U. S. corporations produces many more goods for sale (and "export") than the United States directly exports on the world market. The total output of U. S. foreign subsidiaries has been estimated at \$200 billion in 1968 compared to U. S. exports of only \$33 billion (*Steel Labor*, July 1969). Many of these "foreign" goods are sold in the United States, so that the monopolists involved have doubly upset the balance of payments: in the first place by pouring dollars into foreign investments and in the second place by selling the United States "foreign" goods. And this is not to speak of their consequent interest in seeing that the United States has more and bigger inflation.

The CEA admonishes such malpractices: "Despite the advantages of U. S. foreign investment both to the recipient countries and to the United States, it can—like every good thing—be overdone . . . In some cases, U. S. plants abroad supply markets that would otherwise have been supplied from the United States, with a consequent adverse direct effect on U. S. exports." (1967 *Annual Report*, p. 189.)

The CEA appears to have dropped its veil of impartiality on matters concerning competing interests of U. S. corporations. It favors "domestic" U. S. interests over "foreign." But this is utterly factitious. The economists neglect to inform us who these double-dealing monopolists are, who own the U. S. subsidiaries abroad.

"In the three biggest European markets," The Economist gave as an answer to this question, *"West Germany, Britain and France, 40 per cent of American direct investment is accounted for by three firms—Esso, General Motors and Ford. In all Western Europe, twenty American firms account for two-thirds of American investment."* (December 17, 1966.)

The president's economic advisers, of course, are well aware of these figures. Their remarks, couched in the polite terminology of international finance, were simply meant as a reminder to the capitalist rulers of the short-term dangers involved in their expansionist policies. Washington found it necessary to put temporary restraints on foreign investment in 1965 and 1968 with little objection from the business world. The capital necessary to finance continued expansion of foreign interests was raised abroad instead.

IV. Conclusion: 1968-1969 and beyond

Along with Johnson's policies on Vietnam, the Nixon administration inherited and is continuing the Johnson administration's economic policies. These are policies of restraint, aimed at slowing inflationary price rises which have reached unsustainable levels, not only so far as world trade is concerned, but for the expansion of the domestic economy as well. The experts hope to duplicate the "mini-recession" of 1966-67—only with better results. I have pointed out that whereas Washington succeeded in slowing down the economy then, it did not succeed in its main objective, slowing inflation. Prices rose through the slowdown and then rose even faster in 1968 and this year.

In essence, the imperialists would like to have recessionary effects without a recession. They have tried to rule out drastic fiscal and monetary restraint because, "the cost would be intolerable—unemployment would rise substantially, and the United States could easily experience its first recession in nearly a decade. As the over-all unemployment rate rose, the rates for the disadvantaged—including non-whites and teenagers—would rise even more rapidly. With heavy unemployment among even experienced workers, it would be extremely difficult to sustain recent initiatives to provide training and jobs for the unskilled and the disadvantaged. The danger of serious social unrest would be greatly increased. Moreover, the entire economy would suffer a huge loss of output, at a time when full production of goods and services is urgently needed to fulfill national goals." (1969 *Annual Report*, p. 53.)

There can be no question of their "sincerity" in these regards. It is another question whether they can pull it off. Government and industry have pushed the economy to the point where a slowdown is inevitable. The decisive question is how successful the government

will be in cutting it off once it starts—whether it can repeat the “solution” of 1967.

The policies of the Federal Reserve Board turned toward tight money in 1967 and they have continued to tighten, squeezing interest rates to an historic high. In the early part of 1968, Congress passed the income-tax surcharge that the Council of Economic Advisers had pressed for since 1967. Nearly every economist and almost the entire financial press expected a slowdown to begin over a year ago. Apparently the opposite happened. What they underestimated was the force of the drive for world technological superiority of U. S. industry.

Each raising of interest rates has been followed by an expansion of capital outlays and this all the more drives interest rates upward as money comes in shorter and shorter supply. U. S. monopolies have responded to what they believe to be a guaranteed short-term inflation with policies that actually guarantee such an inflation. Believing that costs will rise in the near future, they have pumped spending to the upper limits in order to save on future costs to keep up with domestic and international competition. The more powerful are leading the way.

An example of this was cited in the *Wall Street Journal*, May 26: “Times are good here in this rolling township of 2,000 people [Lordstown, Ohio]. In fact, some say times are too good. Unskilled laborers here can earn as much as \$400 a week, and skilled tradesmen can get \$600 or more as they put in long hours to hurry along a \$75 million plant being rushed by General Motors Corp . . . The GM plant, says an executive at a big Ohio manufacturing company, ‘is breeding discontent through this whole area.’” In Lorain, Ohio, less that two months later, construction workers won a 49 per cent, 13-month wage increase. The investment-price-wage spiral may yet drive prices and interest rates considerably higher and adds a most explosive unknown to the economic mix.

But the spurt in capital spending itself, like the comparable spurt in 1964-66, will inevitably lead to an overproduction peak and force inventory liquidation. As of this writing warnings have already been sounded about “too much inventory build up.” Every time it happens the pundits of the press seem to forget that there is no way of preventing it! To avoid inventory build up would require that certain industrialists step forward and volunteer to cut back production while their competitors are still pressing forward to carve out what remains of the market. Before that happens, most capitalists will actually go far into debt to finance inventories in order to keep them abreast of competition. This, incidentally, is one of the reasons why interest rates shoot up at the end of a business cycle.

Furthermore the tight money policies being followed by the Federal Reserve Board will take their toll: housing construction has already begun to fall off and there are suggestions of production cut-backs

elsewhere. The Nixon administration is bent on adding to this continuation of the tax surcharge and repeal of the investment tax credit. In all, this is powerful — if clumsy — economic restraint.

To make matters somewhat different from the comparable peaks of 1965 and 1967, military spending is not on an increase but is gradually levelling off and there have already been layoffs in major war plants.

Finally, there is the entirely unknown factor of the interrelation between a slowdown in this country and the rest of the capitalist world. Imperialism counts for its good health on uneven cycles from one nation to the next, upturns in this economy that will soften the impact of downturns in the next. But the law of uneven *and combined* development applies to world investment patterns as to all other social patterns. In order to overcome the contradictions of one national economy, the imperialists must ultimately internationalize these contradictions. The economies of the entire capitalist world are moving toward a generalized recession resulting from *world overproduction*—for the first time in postwar history. It cannot be ruled out that the coming American slowdown will be the spark that ignites this fuse.

* * *

The attempt of monopoly to solve its own contradictions by internationalizing them is not new, but the essence of imperialism as Lenin defined it in 1917. And to this extent the parochial nationalism of the Keynesians rules out success from the start. Imperialism is not always so patriotic. It recognizes that world markets are the best buffer against national economic “upsets” and it attempts to protect itself against the fluctuations of “its own” market. But it is also super-patriotic in the last analysis. For the base of its material power resides in its political control of the nation-state.

Not only is the sum total of the imperialists’ domestic investment likely to be larger than their total foreign holdings. More important, *their* government, *their* army, *their* police, are based “at home.” This state apparatus is crucial in protecting world monopoly investment; next to it all fluctuations of the business cycle are secondary.


In the case of the United States, this state apparatus is a world police force; its domain of patrol is the world network of U. S. investment; its main weapon in the economic arena is the dollar. U. S. imperialism did not enter the decade of the sixties with the thought in mind of easing out of first place in order to assure a more rationally integrated world economic system. On the contrary, it entered it with the perspective of continuing the epoch of “Pax Americana” forever. All economic policies were bent in that direction alone.

Seymour Harris recalls a revealing episode of the “Economics of the Kennedy Years.” Many financial advisers, apparently including Harris himself, tried to persuade Kennedy to devalue the dollar as the quickest and easiest solution to the U. S. balance of payments

deficit. But Kennedy preferred "to improve our competitive position by containing wage and price inflation, by raising productivity, by stimulating the marketing of goods and services, by encouraging foreign tourists, by transferring some of the burden of military expenditure and foreign aid to its allies, by discouraging excessive exports of capital and by increased procurement for economic and military aid abroad. This is the approach favored in Washington, although it is the hard way out," Harris wrote in 1964, (p. 35).

The correct word for it is not "hard," but "impossible." Seven years later the international monetary situation and the position of the dollar is much shakier, U. S. industry has continually slipped further behind in world trade—foreign tourists didn't even come to the New York World's Fair, they went to Expo along with many Americans instead!—exports of capital have nearly doubled, and the United States has avoided recessions twice—in 1965 and 1967—only because of the murderous slaughter in Vietnam. U. S. imperialism did not shift the burden of this military expenditure to its "allies"; it taxed the American people to the gills—and is still taxing them—to carry on the war and is undergoing an inflation as a result, the full consequences of which cannot yet be estimated. That is the record so far. But in addition to an inflation which is daily eating further into consumer purchasing power there is going to be an economic slowdown and there looms the danger of this turning into recession. It is yet necessary to experience these legacies of the sixties in order to draw the final balance sheet.

July 17, 1969



Problems of

**WOMEN'S
LIBERATION**

A Marxist Approach

by Evelyn Reed .95

MERIT PUBLISHERS 873 BROADWAY NEW YORK, N.Y. 10003

review article

Peter Buch

PALESTINIAN LIBERATION AND ISRAEL

ISRAEL AND THE ARABS by Maxime Rodinson. (Translated from the French by Michael Perl.) Pantheon, 1968. 239 pp. \$5.95.

THE ARAB-ISRAELI DILEMMA by Fred J. Khouri. Syracuse University Press, 1968. 436 pp. \$10.00.

The two years since the six-day blitzkrieg in June 1967 of Israel against Arab states have seen a significant shift, particularly among young revolutionaries around the world, in favor of the Palestinian Arab struggle for self-determination. "The picture of an embattled state threatened by hostile neighbors," *New York Times* Jerusalem correspondent James Feron wrote last July 14, "has been blurred . . . with a picture of a victorious nation astride conquered lands and threatening disorganized neighbors. A new hero in the Middle East, the Arab guerrilla, has emerged since the war. The plight of the Arab refugees, largely forgotten by many after their first flight two decades ago, has become a live issue again."

Feron could have added that this support for the Arab revolution has not been divorced from reexamination of the origins, history and social forces behind the Middle East crisis. Discussion has touched on the role of imperialism, the history and program of Zionism, the nature of the Israeli state and society, the causes of anti-Semitism, the course of the Arab revolution and the Palestine liberation struggle—along with other questions, such as revolutionary strategy and political organization.

The two books under review are useful contributions to this discussion. Each serves in a different way toward clearing away the mythology and official obfuscation which has long clouded the whole subject.*

*However Nathan Weinstock's *Le Sionisme Contre Israel*, Maspero, Paris, 1969, remains the most comprehensive treatment to date.

Professor Rodinson is a distinguished French Jewish sociologist, a recognized scholar in Middle East politics and culture who has taught at the Sorbonne for fifteen years. His book dispenses with heavy footnotes, charts and maps in an attempt to present a coherent thesis on the many complicated aspects of the problem. Based on wide scholarship, it is the best book-length treatment in English this reviewer has seen on the genesis and dynamics of the Arab-Israeli conflict.

Rodinson singles out the chief issue: "The origin of the conflict lies in the settlement of a new population on a territory already occupied by a people unwilling to accept that settlement. . . The conflict therefore appears essentially as the struggle of an indigenous population against the occupation of part of its national territory by foreigners." Rodinson does not hesitate to criticize sharply the terrible weaknesses of the Arab states that are saddled with bourgeois nationalist and reactionary feudal leaderships, which restrict and ultimately derail a just struggle. But the major axis of the book is a devastating refutation of Zionist arguments.

Rodinson differentiates between the anti-Semitism of Europe and the anti-Zionism of the Arabs. He deals with the hoary religious claims, the myth of "socialism" in Israel, the dogmas of Western chauvinism posing as democratic enlightenment and desert fructification. He challenges the unfulfilled—and unfulfillable—Zionist goal of "solving the Jewish problem." The tone throughout is calm, intellectually engaging, often eloquent and mildly ironic.

One of the cruder arguments cited by Zionist spokesmen in defense of establishing an exclusively Jewish state on Arab territory is the argument that since an *independent* state of Palestine never existed, no violation of Arab sovereignty was involved. Rodinson shows that this argument rests on the tacit acceptance of the legitimacy of Turkish and British overlordship which brutally suppressed Arab struggles for independence for over a century.

Rodinson details the sorry history of the period immediately following the first world war. In July 1919, the Syrian National Congress, meeting in Damascus, asserted the right to independence of a united Syrian state covering what is now Syria, Lebanon, Jordan and Israel, and on March 8, 1920, it proclaimed the independence of Syria-Palestine. But on May 5, 1920, the allied powers who had fought to "make the world safe for democracy" met at San Remo, Italy, and announced their own plans. Rodinson writes: "Without waiting for the meeting of the League of Nations, which was in theory supposed to 'bestow' the mandate (a new and hypocritical formula for colonization disguised as benevolent aid), the powers shared the mandates out amongst themselves."

To deal with the Arab demands for independence, the French general Gouraud issued an ultimatum, marched into Damascus, occupied it and expelled the Arab leaders. Afterwards, Britain and France

established their arbitrary frontiers, cultivated Arab rivalries and bought off different sectors of the privileged classes to fortify their rule.

The Zionist movement eagerly cooperated in these policies until after the second world war and objected only when Britain periodically betrayed it by concessions to the Arabs. The Zionists opposed Palestinian independence, land reform, representative institutions and any other measures leading to Palestinian self-determination before the Jewish minority could become a majority.

Only the Arabs of Palestine were prevented from taking the road to independent nationhood traveled by other Arab peoples. If Palestine had ever become an established Arab nation, all talk of founding a Jewish state there would have been condemned out of hand—no matter what the Bible said—for the colossal aggression it would necessitate. The Lord of Hosts delivered the Holy Land to the Jews when a host of lords, led off by one named Balfour, sent an imperialist army with a new covenant properly sanctified by the League of Nations.

Rodinson recognizes the imperatives dictating an intransigent struggle by the Palestinians but he can't help wishing there were other ways besides "bloody revolution" to accomplish Arab liberation. He suggests that one solution might be for the Arabs to accept the "*fait accompli*" of Israel and let the passage of time heal the wounds as it has so often done in the past. Nevertheless, Rodinson resolutely opposes any moral condemnation of the Arabs for their probable rejection of such a course after the enormous injustice they have suffered.

Since Israel is not a major partner in the system of Third World exploitation, Rodinson reasons, and is mainly concerned with "survival," she is not irretrievably wedded to her Western alliance. Israel's ties to imperialism are "more a matter of political choice than economic structure." If the outside threat disappeared, Israel's policies might undergo a change. She could become a normal "Levantine state," no longer driven to maintain a Zionist, clerical, fortress state.

The Left-Zionist parties, according to this perspective, would be freer to contend for their more enlightened policies without risking the charge of treason under fire; many Palestinians could be allowed back without being feared as "fifth-columnists"; the decline in western anti-Semitism and in the need for Jewish reinforcement by immigration would enable a binational Israel to integrate more readily with the other countries in the region and move toward a neutralist foreign policy.

But Rodinson's own presentation makes it clear that something other than physical "survival" is at stake for the Zionists, *especially* the Left Zionists. On the crucial questions of expanded frontiers and the return of the refugees, he affirms: "The Israeli Left is just as intransigent . . . as the Right." In fact there are indications that right-wingers like Dayan, with their schemes for "creating facts," i.e., an-

nexations of Arab territories and putting the Arabs to work on the lower rungs of the Israeli economy, are prepared to abandon the Zionist goal of "ingathering" of all the Jewish "exiles"—especially since new Arab labor helps keep Israeli wages down. The right-wingers apparently want to concentrate on building a "normal" bourgeois state where the Zionist-bureaucratic establishment merges with the entrepreneurs to become an ordinary ruling class, perhaps including store-front Arab "Uncle Abdullahs" in the administration.

But it is precisely the Left Zionists who are tigers for a special kind of Israeli "survival," not as human beings only or as Jews, but as Jews within an exclusively Jewish state: one that finds a place for their collective farm directors, their party officials, their trade-union bureaucrats, within the ruling Zionist establishment; one that guarantees their title to the land and properties they grabbed from the Palestinians. It is the "survival" of these special *material interests*, tied up with the Zionist structure, that is at stake and which has driven the Left Zionists further and further to the right as one of the most dependable allies of U.S. imperialism. This is true even if Israel is not yet motivated by the needs of far-flung capital investment and commercial empire.

History teaches that revolutionary struggle is obligatory when entrenched material interests are bound up with an oppressive social structure, and it does no good to lament this fact and long for miracles like the voluntary surrender of power by a ruling group, especially a new one that's just learning how to swagger.

Twentieth century origins of the conflict

Professor Khouri's book is a comprehensive blow-by-blow and resolution-by-resolution account that leans heavily on the vast number of relevant UN documents as well as many years of on-the-spot research and high-level interviews. The judicious, methodical use of this material, much of it pro-Israeli, by an author who sees great justice on the Arab side, clearly establishes the work's scholarship and usefulness. Many key documents are reprinted along with a map and several important statistical tables.

Khouri meticulously outlines the principal arguments advanced by Arab, Israeli, Western, Soviet and UN-Secretariat spokesmen at each stage of the conflict, describes the resolutions, actions and political psychology of each party and offers his critical comments at appropriate points. His chapters cover the main issues and events from the days before World War I through the June 1967 war, including the Palestine Mandate, the Arab refugees (in one of his best chapters), Jerusalem and the 1956 Sinai war, with the major disputes over borders, navigation and water rights, "infiltrators" and development projects.

Khoury is a highly respected, American-born professor of political science at Villanova University who specializes in Middle East affairs. He advocates "staunch support" to the United Nations, whose "authority and effectiveness" must be strengthened as man's best hope for peace. He does not deal with the social structures of Israel and the Arab countries, nor with the aims and struggle of the Palestinian guerrillas, except to condemn their activity as hopeless and provocative "extremism." The book is consequently more limited than Rodinson's and suffers from shallowness. But one cannot easily accuse Khoury of "left-wing doctrinairism" or "Jewish self-hatred," a charge which Rodinson hazards as a radical Jewish opponent of imperialism and Zionism!

Khoury traces the conflict to the conditions of the twentieth century and not to alleged "age-old" antagonism between Arab and Jew. (The origin of Zionism—and anti-Semitism!—in Europe and not the Middle East already indicates where the antagonism actually flourished.) He believes that this modern conflict arose from British "indecision" and "conflicting promises" to the Arabs, the French and the Zionists; Zionist "impatience" to achieve their goals in disregard of Arab rights; and the political immaturity, rivalry and provincialism of the Arabs.

"Israeli Jews could then maintain political control of their state," Khoury writes of the consequences of annexation, "either by disenfranchising the Arabs and treating them practically as a colonial people or by trying to expel as many of them as possible from their homes. . . . Israel could . . . find herself facing a problem similar to that which had confronted Britain in the post-World War II period in Palestine—except that this time the Israelis would be playing the role once assumed by the British, and the Arabs, like the Palestine Jews, would seek through terrorism and civil disobedience to drive out their hated rulers. In short, if the Israelis annexed all the captured lands and they were to grant the Arab community equality of opportunity and status, as would be required under a democratic government, they could in time lose control of their state. On the other hand, if they sought to maintain Jewish domination, they could do so only by denying the Arabs political rights and treating them as a subject people—in which case, real democracy would cease to exist in Israel, and nineteenth-century imperialism would again rear its head to the embarrassment not only of the Israelis themselves but also of their friends and supporters." Apparently twentieth-century imperialism is not nearly so embarrassing!

What Khoury is pointing to is actually Israel's "dilemma" *right at the beginning* of its existence. *The original partition resolution gave the Zionists territory containing about as many Arabs as Jews—around half a million of each—with the Arabs owning three-fourths of the arable land.* Under such circumstances, could Israel, dedicated

as a Jewish state, *ever* have abided by the terms of the UN Charter and resolutions, or its own blithe promises of equality and fair play?

It is clear that the so-called Arab refugee problem must be recognized for what it is: the condition of a people that was *first made alien in its own homeland* by Zionist exclusionary colonization as a prelude to its expulsion, and then condemned either to exist as second-class citizens inside the country or refugees outside it. Palestinians today exist in both capacities.

"Little Israel," allegedly surrounded by "forty million Arabs bent on driving them into the sea," has actually always had more troops and better commanders in the field against Arab forces and, almost from the beginning, had better and larger arms supplies. On May 15, 1948, when Israeli statehood was declared and the Arab armies invaded, it had 35,000 to 80,000 troops against 20,000 to 25,000 Arab troops assembled from the five states involved. By October, it was 75,000 to 120,000 Israeli soldiers versus 50,000 to 55,000 Arab soldiers. (Only rough estimates are available.)

Right up to and beyond the June war in 1967, Israel maintained an equal or larger armed force actually in the field than the *combined* Arab forces and was not hampered by the deep rivalries, the low morale, the inept commanders, the long supply routes or the backward social structure of the Arab states. In addition it had the promise of U. S. intervention if it should start to lose a military confrontation.

Far from being required to ensure Jewish survival, Khouri shows, the actual purposes of the repeated armed clashes initiated or deliberately provoked by Israel have been to stake its claims to the "natural" and "historic," i.e., Biblical, borders of Israel; to compel the Arab states to recognize and accept Israel; to force them to suppress the Palestinians' resistance. Only overwhelming military superiority could support such a policy and only repeated "lessons" and "seven-fold" blows could establish its credibility.

"For example," writes Khouri, "while secret negotiations were taking place between Jordanian and Israeli officials in September 1950, Israel, according to an Israeli scholar and writer, 'encouraged acts of provocation' to enable her to assault the town of Nakaraim on September 7 'in the hope of forcing the [Jordanian] government to come to terms.'" (He is quoting Rony Gabbay, *A Political Study of the Arab-Jewish Conflict*, 1959.)

Israelis thus demand "direct negotiations" where they can bargain from a position of strength for "peace"—on their terms. The Arab states have usually held out for third-party (UN) mediation, because "recognizing" Israel meant recognizing their defeat and consequently their weakness.

According to Khouri, "Israel was the first state to develop a deliberate and official policy of retaliation. From 1951 on, the larger reprisal raids were made by military personnel using advanced weap-

ons and military tactics. Thus it was obvious that the Israeli government had ordered these attacks, even though for a few years Israeli officials generally, though not invariably, denied any responsibility for them. By early 1955, however, Israeli authorities began to accept full responsibility for the retaliatory assaults made from Israeli territory."

When the 1956 Suez nationalization enraged the French and British imperialists against Egypt, Israel saw a rare opportunity—fearsome UN resolutions notwithstanding—to join what appeared to be a winning team to apply its policy of massive military "lessons." Ben-Gurion spoke of "Israel's ancient right" to Gaza and the Sinai peninsula. Again, "Israel's survival was at stake," with 250,000 highly trained soldiers ranged against a total of 205,000 troops of all the Arab states *combined*, only *half* of which could be mobilized against Israel, and reduced still further by Nasser's deployment of troops to meet the Anglo-French invasion at Suez!

A similar set of escalating clashes, designed by Israel to "teach hard lessons" and "accomplish" new "facts," succeeded only in forcing Nasser to tighten his anti-Israel restrictions in the Canal and the Straits of Tiran, where he had quietly relaxed them over the years, and set the stage for the Six Day War, again fought for "Israel's survival."

Yet Khouri hopes that eventually the "more responsible" Arab leaders will avoid "provocative" policies and actions and successfully "quiet popular feelings." But this has been—and remains—the policy of the Arab regimes—to "quiet popular feelings," to "handle things" for the people and to maneuver in their name at the United Nations. When this doesn't show results, except for black eyes, they bluster, fulminate, conclude reactionary alliances, blur over the issues and further demoralize the frustrated masses.

The role of the United Nations

Khouri hopes to use the United Nations to minimize further explosive incidents and to promote an atmosphere of abated tensions for peaceful negotiations. For him, the history of the Middle East in the last twenty years is a history of promising UN attempts to negotiate such tranquility, broken off intermittently on both sides by extremists, border clashes, reprisal actions, inflammatory propaganda, inflexible diplomacy—all arousing regrettable popular emotions—often under the misguided encouragement of the various big powers in shortsighted pursuit of their own immediate interests.

Nevertheless, nothing emerges more clearly from Khouri's own work than the facts that the United Nations is *unable* to bring peace or justice to the Middle East and that *it has been an active promoter of crisis, conflict and injustice*. The UN partition of November 1947

gave half of Palestine to the Zionists and left the other half to be carved up by the contending Arab and Zionist armies, all at the expense and over the unanimous, steadfast opposition of the helpless Palestinian Arab people.

The opportunist Soviet support for this resolution must be mentioned. It helped give the resolution a semblance of the "consensus of the world community" that only incorrigible disturbers of "peaceful co-existence" could oppose. In fact, Soviet arms, supplied through Czechoslovakia when Israel could get arms nowhere else, enabled the Israelis to hold out and eventually ensured their military victory. (This did not prevent the new state from siding with the U.S. in the Korean War a little while later, but it did provide another example of the fruits of Stalinist foreign policy—the substitution of deals with bourgeois regimes for reliance on mass struggle against the imperialist army. The Kremlin hoped to "use" Israel against Britain.)

In reality, the United Nations was originally and remains today essentially an instrument of the imperialist powers, which enlisted Moscow's aid to stem the postwar revolutionary tide. In dozens of resolutions, most of them nearly unanimous, the United Nations has: 1) reiterated demands for the repatriation of the Palestinian refugees in Israel, or compensation and resettlement if they desired; 2) opposed the Israeli annexations of 1948, 1956 and 1967; 3) condemned the Israeli seizure of Old Jerusalem, the massive retaliations, the repressive occupation policies. But as Israel had at least the tacit support of the United States, it did not fear implementation of these resolutions.

It is not surprising that a certain wistfulness inevitably creeps into the concluding pages of both Dr. Rodinson, the left-wing scholar, and Dr. Khouri, the liberal scholar, when they measure their hopes for the timely emergence of reason and human concern against the unbelievable impasse of blood, passion, and sordid interests which they have just described. Both of these eminent savants confront history as individuals standing outside any organized political tendencies, and their separate perspectives for a solution to the dilemma reflect their rather isolated positions.

Not even Rodinson, let alone Khouri, points to the *fundamental* reason for the rise of the Zionist form of Jewish nationalism, namely the advent at the end of the nineteenth century of the decline of capitalism as a world system. The development of capitalism had originally liberated the Jews and other nations from their feudal bondage but had not yet achieved their complete assimilation when, first in Eastern Europe, under the competitive lash of advanced Western technology, and then in Western Europe itself in the throes of recurring industrial crises, the ruling classes turned on them as handy scapegoats for the people's fury, using anti-Semitism as a weapon against socialism.

The epoch of imperialism, which dawned with the struggles of the large capitalist powers over the redivision of the world market and

colonial holdings, by the same token gave a mighty impulse to the nationalism of oppressed peoples, including the Arabs and the Jews, while at the same time absolutely ruling out a mere repetition of progressive bourgeois revolution and "nation-building" along classical bourgeois lines.

That means that the solution of the "Jewish problem" in this age of permanent revolution is inextricably tied up with the revolutionary struggle against imperialism, of which the Arab liberation movement has become a vital component. Recognition of this is especially important for the Jews, most of whom live all over the world and not in Israel. Zionism, imperialist mandates, the United Nations and small-nation building under capitalist auspices must be ruled out as the road to Jewish liberation.

The struggle to establish reason, human concern and justice as the social norm is a *class* struggle, requiring a certain class mechanism, i.e., a revolutionary socialist vanguard party of the Leninist type, to intervene in the historical process and to mobilize the workers, peasants, women, students and others, to break through the impasse. The creation of such a leadership party is the crucial task facing the advanced cadres of the Palestinian liberation movement as they carry on their struggle to regain their homeland and to win over the exploited majority of Israelis themselves for the overthrow of bourgeois-Zionist exclusivism and privilege. This is the real significance of the present stage of the Palestinian liberation movement, where revolutionary fighters at various stages of nationalist and socialist consciousness are being gathered who will forge in the course of their united struggle the program and leadership necessary for victory.

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