

*The New* \_\_\_\_\_  
**INTERNATIONAL**

**ENGLAND:**

***Aspects of the Government***

By Max Shachtman

***The Ideology of Gradualness***

By Henry Judd

***Moving Toward Socialism?***

By Gordon Haskell



***The Permanent War Economy***

By T. N. Vance



**BOOKS IN REVIEW: "The Case of Comrade Tulayev"—"Verdict of Three Decades" — "Unions and Capitalism"**

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# MEMO

## THE NEW INTERNATIONAL

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### IMPORTANT NOTICE!

THE NEW INTERNATIONAL has consolidated its editorial and business offices. They are now both located at 114 W. 14th St. New York 11, N. Y.

Please mail all subscriptions and business correspondence as well as articles to the above address.

We are pleased to report that the debate between Max Shachtman and Earl Browder on the question "Is Russia a Socialist Community," first published in the May-June issue of THE NEW INTERNATIONAL, has aroused considerable interest abroad. As reported previously, it was reprinted in full in the French revolutionary syndicalist journal *Revolutions Proletarienne*, Nos. 3 and 4, August-September 1950.

The debate has also been reprinted in full in India as a pamphlet in the English language. Copies of the pamphlet may be obtained for 15 cents each from LABOR ACTION BOOK SERVICE at 114 W. 14th St., New York 11, N. Y.

Bound volumes of THE NEW INTERNATIONAL for 1949 are now available. They come in handsome red cloth binding with gold lettering on the back. There is no better way than the bound volume to keep the invaluable material which appears in the magazine handy for reference purposes. The price: \$4.00 each.

We have available a very limited supply of bound volumes going back to the year 1943. Readers of THE NEW INTERNATIONAL who desire to obtain or fill in a complete set are advised to write promptly for our price list.

Finally, we would like to remind our readers that shared fortune is double fortune. In your case this means: it is foolish to keep the NI to yourself. Let others hear about it . . . and help them to help themselves by getting them to subscribe to it.

L. G. SMITH,  
Business Manager

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# THE NEW INTERNATIONAL

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## Aspects of the British Labour Government

*Exploring the Theoretical and Political Evidence*

*With the article by Max Shachtman we herewith introduce a discussion on the nature of the British regime. In this issue we supplement the discussion with an article by Henry Judd, and two reviews by Gordon Haskell. It is our intention to continue the discussion here opened in later issues of THE NEW INTERNATIONAL.—The Editors.*

Great Britain has had its first completely Labour Party government in power for more than five years, swept into office as the decisive majority of Parliament in 1945 and returned to office, though with a narrow majority, in the general elections of last year. The earlier Labour Party governments, in 1924 and in 1928, both under the late Ramsay MacDonald, were based upon a parliamentary minority and could be dismissed at any moment by the adverse vote of the combined Tory-Liberal majority. The two Attlee governments on the other hand, have been in a position where they could not claim that their existence and with it their ability to carry out the avowed program of the Labour Party, depended upon the tolerance of the Tories or the Liberals or even of both combined, for since 1945 they have had enough parliamentary support to adopt any course they decided upon regardless of the opposition. This difference likewise distinguishes the Attlee governments from virtually all

the Social-Democratic governments we have seen in Europe for more than thirty years, since in almost all cases they were either like the MacDonald governments—dependent upon the tolerance of a bourgeois parliamentary majority—or in addition they were in ministerial coalitions with bourgeois parties.

This is only one difference, and as may be seen further on there are others of no smaller significance. The total of them is represented in the five-year record of the Labour government. It is not—certainly the whole of it is not—the record or even the kind of record expected by the revolutionary Marxists before it took power. This assertion is by itself of no stunning importance and will startle only those who regard Marxism as a flinty dogma or look for it to possess magical properties of prophecy. Of much greater importance is the fact that so much confusion has been created among Marxists by the Labour Party government and the problem which it raises—and not among Marxists alone. The problem was not raised so acutely in 1945 but after what has happened in the past five years, it is imperiously posed before us and the worst thing we could do would be to pretend that it does not exist. Fortunately, we are in a better position to treat it now than we were then. This article is devoted to treat-

ing it, not exhaustively but in outline, and is intended to reduce the dimensions of the confusion.

WHAT IS THE PROBLEM? To most political persons, including many who consider themselves Marxists, it seems to be represented by this question: Can capitalism be abolished and socialism reached by the parliamentary road alone and by peaceful means, or is that one of the possible roads to socialism if not in all countries then at least in some? To these persons, the fundamental difference between the revolutionary Marxists and the reformists, which sums up and expresses all the other differences, lies in the negative reply made to the question by the former and the affirmative reply made by the latter.

After the Russian revolution of 1917, and the revolutions and counterrevolutions that immediately followed it in Europe, the Bolsheviks and the Communist International struck such heavy and effective blows at the traditional parliamentarist standpoint of reformism as to force it everywhere into a defensive retreat. After the Labour government of 1945, reformism is in its second youth. It is celebrating ideological triumphs—not only in Great Britain—which the defenders of the parliamentary road to socialism have not enjoyed for decades; and it is the reformists who now challenge the revolutionary Marxists with aggressive questions.

In our opinion, the challenge can be accepted by the Marxists without the slightest perturbation, especially if it is based upon the question as formulated above, because in the first place the question is put improperly and is therefore misleading and because, what is of greater moment, it is *not* the most important question

facing the socialist movement. The problem raised by the Labour government is not only quite a different one but one of far greater and deeper significance, not only to the socialist movement but to the entire working class. The Marxian critique of reformism (as represented by the British Labour Party, in this case) will be valid or invalid depending upon the emphasis it places upon what we regard as the real problem or upon what has been raised—and raised misleadingly—as a secondary problem, at best, and a false one, at worst. But inasmuch as we have neither the desire nor the intention to evade even the subordinate or false problem, we will deal with it before taking up the really vital question.

IT IS AN ERROR to believe that the dividing line between revolutionary Marxism and reformism is the question of the “violent” or “insurrectionary” road to socialism *versus* the “parliamentary” or “peaceful” road. The Marxists never had, and being Marxists, could not have, an absolutist, dogmatic position on this question, applicable to all countries and under any conditions. What they have always contended is that one of the outstanding lessons taught by the history of centuries of class struggle is that ruling classes do not give up their power and privileges without violent resistance, just because they are condemned by history, just because they are an obstacle to human progress, just because they are called upon to abdicate by popular decision or the revolutionary class of the time. It is likewise true that, as is the case with all historical laws, this one has its exceptions and scholars would not have too much trouble in listing them. But it would be flat folly to be guided entirely by exceptions. Hence, the Marx-

ists have always warned the working class that in the struggle for socialism to replace capitalist oppression, it is indispensable to note the lessons of history and to be prepared for the violent resistance which a doomed but desperate reaction would offer to thwart the will of the people for power with which to reorganize society. Being prepared means: such an organization of the working class, such a degree of consciousness, such a reliance upon itself and its organized strength, as would enable it to deal effectively with any violence that obsolete reaction might use to prevent the working class from taking political power by democratic means or to overturn the established power of the working class. To the silly reformist argument: “But suppose the democratically-ousted bourgeoisie does not try to thwart the people’s will by violence?” the revolutionist simply replies: “Then we have lost nothing by preparing for the worst, and socialism has gained enormously by the acquiescence of the bourgeoisie!” This is the position, briefly, of the Marxists, and to accuse them of the “advocacy of violence” is either preposterous or mendacious. In any case, the accusation sounds . . . strange on the lips of the public prosecutors of those governments which build up huge armies and armaments on the ground that they are the only guarantee against war, for without being prepared, the enemy will surely destroy the peace and threaten invasion and annihilation upon all of the land!

But if it is only a question of the theoretical possibility (to say nothing of the desirability, which is taken for granted by all sane people) of achieving political power for socialist reconstruction by purely peaceful and parliamentary means, there is hardly a Marxist of note who has denied it. On

the contrary, from Marx down to Lenin and Trotsky and the Comintern, they have frequently affirmed this possibility, given conditions especially favorable to the socialist proletariat. Marx acknowledged the possibility of a peaceful socialist revolution at least twice, especially with regard to England (without failing to indicate the possibility of a “slaveholders’ counterrevolution”). That was for the 19th century. Trotsky, as recently as 1926, in a withering criticism of British reformist parliamentarism, nevertheless pointed out the possibility of a peaceful transition to socialist power—again, given favorable conditions. He did not guarantee it, to be sure; only a political idiot would, and only a political idiot would act as though it were assured.

The British Labour government has already demonstrated the *possibility* of expropriating the bourgeoisie by parliamentary means. We do not hesitate to record this fact, while emphasizing the word “possibility”; nothing *conclusive* has yet been demonstrated, least of all anything that would permit comforting generalizations on the subject. Writing about the first MacDonald government of 1924, shortly after its ignominious downfall, Trotsky remarked that

. . . it can indeed be said that in the past MacDonald had a chance of greatly facilitating the transfer to socialism, by reducing to a minimum the disturbance of civil war. That was at the time of the Labour Party’s first coming to office. If MacDonald had immediately brought Parliament face to face with a decisive program (abolition of the monarchy and of the House of Lords, a heavy tax on capital, the nationalization of the most important means of production, etc.) and, having dissolved Parliament, had appealed with revolutionary determination to the country,\* he might have hoped to catch the possessing classes unawares to a certain degree, to give them no op-

portunity of gathering their forces, to shatter them with the pressure of the working masses, and to capture and renew the State apparatus before British Fascism had had time to come into formation, and thus to carry revolution through the gate of Parliament, to "legalize" it, and with firm hand to carry it to complete victory. But it is quite obvious that such a possibility is purely theoretical. For that another party with other leaders would have been necessary, and this in turn would have presupposed other circumstances. If we raise this theoretical possibility in reference to the past, it is only the more clearly to reveal its impossibility in the future. (*Where Is Britain Going?* pp. 109f.)

THE ATTLEE GOVERNMENT STARTED with an immeasurable advantage over its Labourite predecessors: a parliamentary majority all its own and a decisive one. It was established with a popular mandate which allowed of no two interpretations. It appealed to the people for support with the openly-declared intention of reorganizing Britain on a socialist basis. In this respect, the Tories were of signal assistance by their persistence in making socialism the issue in the 1945 electoral campaign. The result was a broad index of the profound changes wrought by the war-crisis of capitalism in the mind of the British working class. The same Churchill who, it is not exaggerated to say, was the popular war chief of all the classes, was not too ceremoniously rejected by the masses as their spokesman and leader in the task of reconstructing shattered Britain. The Liberal Party was wiped out almost as a parenthetical aside to the bitter defeat of the Tories.

The new Labour government did

\*As already noted, the MacDonald government was a minority in Parliament. Trotsky was referring to an appeal to the country by means of a new election which would return a Labour Party majority to Parliament and thereby annul its dependence upon a legislative veto by the Tory-Liberal combination.

not appeal to the people with "revolutionary determination." For that—Trotsky remains right—"another party with other leaders" was and is required. Neither did it proceed to the abolition of the monarchy and the House of Lords. That too requires other leaders and . . . "other circumstances." (The picture of Attlee as Robespierre is almost as much of a strain on our fantasy as it would be on his nerve structure.) But it did proceed to carry out an economic program that was neither conceived of nor conceded by any Labour Party critic, friendly or hostile, twenty years earlier.

In the first five years of its existence, the Labour government has taken over ownership and control of some of the most decisive "commanding heights" of the economy, as Lenin liked to call it. It is true that the overly-prudent Labourites have arbitrarily set as their first goal the nationalization of no more than 20 per cent of the national economy. With the formal taking over of those sections of the iron and steel industry covered by the nationalization law for that economic sector, the 20 per cent goal will be more or less realized. But that percentage, which some critics regard derisively as trivial, is a statistical deception. Already nationalized are the coal industry, iron and steel, public utilities like gas and electricity, all civil aviation including overseas aviation, tele-communications, railroads, most other transportation, large sections of insurance, and the Bank of England. Not nationalized are such key industries as automobiles, machine-tools, the powerful chemical industry, cement, shipbuilding, and numerous others. But this division between the "20 per cent" and the "80 per cent" does not give an accurate picture of the division.

First, the 20 per cent figure is estimated in relation to the economy as a whole, from the biggest monopolistic sectors to the tiniest enterprises. There are sectors of the economy, embracing tiny and medium enterprises, which are statistically extensive even in the most advanced capitalist country, which *no* socialist government would, if it had its senses about it, proceed to nationalize overnight, or in a year or in some cases in ten years. The main immediate aim of any socialist government would be to take over precisely the "commanding heights" of the economy—"to wrest, by degrees, all capital from the bourgeoisie"—and that means the basic, key industries and the nerve-centers of finance capital. If the already nationalized sector of British economy is calculated in relation to these "commanding heights," the figure of 20 per cent would be increased very substantially. We do not have at hand the data that would show what the percentage would be in that relationship, which is the significant one, but a hint is given by the figures on gainfully-employed persons in Britain. Government employees, prior to the nationalization of steel, numbered more than 6,000,000. This figure included all administrative employees, about 1,000,000 men in the armed services, and all those employed in the nationalized industries. Six million men and women equals one-third of the total gainfully-employed in all of British industry, commerce, and government, big and small. With the taking over of iron and steel, the figure of one-third would be correspondingly increased.

Second, to the formal nationalization measures, the "20 per cent," must be added what the bourgeoisie bitterly calls the "silent nationalizations."

What this means may be gathered from a statement to the annual meeting of United Steel by its chairman, Sir Walter Benton Jones:

While I am talking about coke oven works and the carbonizing of coal, it will interest you to be informed of the extent to which in addition to coal gas the other products of coal carbonization are being silently nationalized. In round figures, 40,000,000 tons of coal are carbonized annually in the United Kingdom, of which the nationalized gas industry carbonizes rather more than 50 per cent, and the nationalized coal mining industry carbonizes about 20 per cent, leaving about 30 per cent in the hands of free enterprise of which the iron and steel industry carbonizes more than 30 per cent. If the iron and steel industry were to be nationalized something less than 10 per cent would be left under free enterprise and the nationalized industries would have in their own hands nearly the whole of the products of coal carbonizing, that is, the coke, coal gas, fertilizers, motor spirit, tar and many finer chemical products, including bases of dyes and plastics.

To this statement, Prof. Robert A. Brady, a meticulous and informed left-wing American critic of the Labour government, whose objections to it are by no means always wrong, makes this interesting commentary:

In addition to those mentioned by Jones, the government has nationalized parts of such industries as ordnance, engineering, building materials, hotels, restaurants and catering, wholesaling ("bulk purchase" of cotton and of various overseas supplies through agencies controlled by the Ministry of Food), land, housing, theaters and other places of amusement, etc. Furthermore, most of the nationalization acts contain definite provisions allowing the board or corporation in question to manufacture parts or all of the supplies required for its own needs. For the coal, electricity and gas industries, tele-communications, and the railroad, canal and docks and harbor sections of transport, this could mean nationalizing, in effect, all of certain lines of supplies. Finally it is also true that all of the acts give the appropriate Minister powers of interpretation of the

authority granted him which could greatly extend the area of any nationalized undertaking without requiring further Parliamentary authorization. . . . When to such "silent and ragged-edge" nationalization is added steel and the large sections of the engineering, metal finishing and distributing industries and trade that go with it, it is clear that the 20 per cent limitation on the area to be nationalized has already been exceeded.

With the nationalization of iron and steel (even though it does not cover this industry completely), the tendency toward what might be called the self-expansion of nationalization necessarily becomes more irresistible. It was pointed out in the debate on the nationalization bill by Capt. Lyttelton, a Tory M.P. whose directorship in the huge armaments firm of Vickers seems to incline him toward what the British bourgeoisie, too, now euphemistically calls "free enterprise," that the steel industry

. . . ramifies into almost every crevice of British industry. It goes into the chemical trade . . . into the production of sulphuric acid, sulphate of ammonia and creosote. It goes into the electrical industry, in the manufacture of welding equipment; into structural steel, in the manufacture of things like the Sydney Bridge; it goes into the railway equipment industry, in the manufacture of axles, tyres and wheels for rolling stock. It ramifies in every direction and finally, of course, it gets into the miscellaneous industries where we find that the Government will be engaged in making umbrella frames and florists' wire. . . .\*

Another Tory M.P., who has no problem in determining where his principal ends and his principles begin, for the two are identical with him—it is Sir Andrew Duncan, a director of the Iron and Steel Federation—stated in the debate on the steel na-

\*For the British Tory to ride over government-made railroad wheels is already enough of a strain. It becomes unendurable when he contemplates protecting himself from inclement weather with an umbrella whose ribs are not an authentic product of his inalienable right to freedom of enterprise.

tionalization schedule that "under these proposals it is also true to say that the State will secure a foothold in 101 other industries and will own firms whose interest in iron and steel is a very small portion of their activities."

No wonder the bourgeoisie made, and even now still makes, such a furious fight against the nationalization of steel. There is no point after this, found the *Manchester Guardian*, "at which the advance toward the extinction of private capital in British industry could be halted." This statement was repeated by Anthony Eden in the Opposition's summation of its case. For the bourgeoisie, it is a gloomy conclusion.

THIRD, TO THE NATIONALIZATION measures, formal, silent or ragged-edge, must also be added the extremely extensive controls in the hands of the government. The fact that some of these controls were inherited by it from preceding Tory governments, is of little importance. They are now exercised in a different economic context, for different economic goals, and are therefore of different social significance. They are well summarized by Brady (whose invaluable work is reviewed elsewhere in this issue), who is highly aware of their importance:

Under the Foreign Exchange Act it [the government] is in a position to control gold movements, the inward and outward flow of investment funds, and the balance of payments. It is in a position, that is to say, partially to insulate the national economy from the more random vagaries of international price changes and goods movements. By its direct control over the Bank of England, it may now coordinate management of the public debt with control over the supply of money, short-term credit and the level of interest rates. This may be implemented by adding the power to give instructions to the joint banks in particular, and to the City in general, to regulate

rediscount policy and to control open-market operations.

Long-term credit and investment control possesses a rather elaborate machinery. Through the Capital Issues Committee it is able to influence, if not actually to veto, the amount, terms, times of issuance and prices at which private investment securities are listed on the stock exchange. Through its power to supervise the issuance of government and municipal securities it may add public to private finance. Furthermore, it can guide the supply of special types of large issues for reorganization purposes through its control over F.C.I. [Finance Corporation for Industry], of small borrowings through I.C.F.C. [Industrial and Commercial Finance Corporation], and of agriculture through the Agricultural Mortgage Corporation. Supplementary controls are implied in the establishment of special machinery—such as the Film Finance Corporation recently devised for aiding the domestic movie industry—for supplying funds for activities deemed of special importance to the national economy and as a consequence of the government's close supervision of unit trust schemes. Finally, the government controls the Public Works Loan Board, and the Treasury serves as financial advisor to the various government corporations set up under the several nationalization acts and falling under the auspices of the Colonial Office (Overseas Development Corporation) and the Food Ministry (e.g., the African Ground Nuts Scheme for developing tropical estates to supply Britain with edible oils from peanuts).

Similarly, the government can exercise some indirect control over savings through its management of the Postal Savings System; direct control over prices of all rationed goods, indirect price control over unrationed goods, and by its system of subsidies and bulk buying may hold down market prices of certain classes of rationed and unrationed consumer goods and over income through wage control, taxes, and other internal revenue controls, and import duties controls. Supplementary to all such controls is the government's capacity under extension of wartime authority to establish materials priorities for the more important raw supplies such as metals, lumber, fuel and power, for all industries, and man-power supply by a com-

bination of its powers to allocate labor directly and to determine the amount and location of housing and supplementary living facilities.

It is only in the light of these considerations that the "20 per cent" figure can be understood for what it really signifies. Even with the "20 per cent," the Labour government would be able to proceed seriously to reconstruct Britain on a socialist basis. Severe though his criticisms are—sometimes they become lifelessly pedantic, at other times they miss the real point of necessary criticism—Brady acknowledges that "it cannot be gainsaid that the Labour government is in a position more or less fully to coordinate finance with any over-all and long-view planning of the economy as a whole—if and when any such planning may be forthcoming—without the necessity, at least at the outset, of creating any more new financial machinery at all."

IF THE LABOUR GOVERNMENT is in this position—and we believe Brady is entirely right on this score—it is due precisely to the extent that it has expropriated the British bourgeoisie. This expropriation—which is, simply, depriving the bourgeoisie of its ownership of property in the means of production and exchange, depriving the capitalists of their capital—has taken place in a perfectly legal way. The British bourgeoisie has not stinted denunciation of the propriety and wisdom of the Labour government's nationalization measures; but it has not challenged them on legal grounds. That the bourgeoisie has been "compensated" for the property that was nationalized, does not change the fact that it was expropriated, and compensation in itself is in no wise in conflict with the principles of socialism or the interests of the working

class. From our point of view, the British bourgeoisie, like our own, has drawn more than adequate compensation for its ownership of the means of production and the exploitation of the wage slaves which it made possible, in the colossal pile of profits it has accumulated for centuries. The principles of equity and morality entitle it to not a shilling more. From any socialist standpoint, even if the most benevolent construction is placed upon the policy of the Labour government, the compensation which it finally did allow the expropriated capitalists is much more than too generous. Take only the example of the coal industry, which the mine owners ruined so systematically for the past few decades. It was estimated that the total capital investment in the British coal industry amounted to 130,000,000 pounds sterling. Against this, the government agreed to pay the mine owners compensation to the amount of 164,000,000 pounds sterling. This in face of the fact, adduced without challenge in the House, that in the twenty years between 1893 and 1913 alone, some 332,000,000 pounds sterling were paid out of the industry to its owners in the form of profits and royalties, or about two-and-a-half times the amount of the invested capital! It is a very handsome price to pay for the non-violent resistance of the bourgeoisie.

Whether bourgeois property is acquired by a workers' government through outright confiscation or by compensation, is not of decisive import from the standpoint of socialism, for as Trotsky once wrote, "broadly speaking, there is no ground for rejection on principle of the purchase of the land, factories, and workshops." Compensation, especially when it is as munificent as in the British case, places a heavy burden upon the al-

ready loaded shoulders of the working class in its painful march to socialism, and is generally speaking an obstacle to the socialist reorganization of the economy (to say nothing of providing the bourgeoisie with the financial means for continuing its opposition to this reorganization). But a bloody civil war is no less a burden and an obstacle, and as was showed in Russia after 1917, it can prove enormously costly, and not in war casualties alone. If, therefore, it were possible to pay the bourgeoisie blackmail and buy it off from obstructing the march to socialism by plunging the land into a bloodbath, then, all else remaining equal, compensation—even very generous compensation—would unquestionably be the lesser evil by far. The entire question is one to be resolved by practical calculation.

But, at least generally speaking, the same is also true from the standpoint of the bourgeoisie. It is undergoing the process of expropriation. Compensation is infinitely preferable, to it, than out-and-out confiscation. But to continue as owners of capital—the only condition that makes possible and assures the preservation of a capitalist class and of capitalists—is infinitely preferable to compensation in the form of heavily-taxable money which is not at all the same thing as capital, or even in the form of non-transferable bonds of a government which can recall them. In 1917, the Bolsheviks demanded only workers' control of industry. They not only did not propose to expropriate the Russian bourgeoisie but pledged themselves to assuring it a "legitimate" profit. Yet the bourgeoisie resorted to violent civil war against the new workers' government and, *by that act and not by virtue of a pre-determined policy of the Bolsheviks*, precipitated the wave of nationalization of indus-

try which culminated a couple of years after the revolution. Guided, in part, by this far from negligible experience, Trotsky wrote a quarter of a century ago:

There can therefore be no doubt that by the time the Labour Party is successful in the elections [successful in obtaining a parliamentary majority], the Conservatives will have at their back not only the official State apparatus, but also unofficial bands of Fascists. They will begin their provocative and bloody work even before Parliament succeeds in getting to the first reading of the bill for the nationalization of the coal mines.

The Parliament of the Labourite majority has gotten considerably beyond the first reading of the bill for nationalizing coal. We are now past the nationalization of steel, against which the bourgeoisie and its parties made such a desperate stand. Yet they have not resorted to civil war or violence. Why not? With all the respect due the smug principles of Fabianism, we must decline to believe that the relative forbearance of the British bourgeoisie is due to the fact that it has received monetary compensation for its properties. For it, too, the question is one to be resolved by practical calculation, taking into account as objectively as possible the relationship of class forces at every stage. The question before it is: how to prevent further losses of economic (and therefore social) power and to recoup the losses already suffered. The two ways between which it can choose are: of resorting at this stage to the violent overturn of the Labourite workers' government by a reactionary minority, or of remaining within the framework of legality and fighting in that way to restore a government of its own which would, regardless of all sorts of ambiguous Tory promises now, restore private property intact and do away with all this nonsense of health insurance, housing programs

and the like? In the person of its only reliable party, the Tories, the British bourgeoisie has chosen the latter way.

THE PARLIAMENTARY ROAD BACK TO power is a risky one for the bourgeoisie. The Labour Party has not exhausted its possibilities, not by any means, not so far as its ranks are concerned, and not even so far as its present leadership is concerned. Because it lost heavily in the second post-war election is not an infallible sign that it will continue to lose and end up, after the next election, as a parliamentary minority. The only safe thing to say about that is that while it is not excluded neither is it guaranteed. From a third parliamentary defeat, the British bourgeoisie would have much less possibility of regaining its power by legal means than ever before; as for its economic power, the Labourites, even under an unchanged leadership, would undoubtedly, in our opinion, make even deeper inroads into that, for reasons that will be mentioned later. But the fact remains that a parliamentary victory for the Tories is not out of the question.

It is risky, we repeat. To continue, meanwhile, to accept the economic incursions of the Labourites is, for the bourgeoisie, an evil. But an armed contest is also an evil and in the present situation a greater evil, a far greater evil. That, from the standpoint of a bourgeoisie often classed as the shrewdest and best-trained of its kind in the world, is a wise judgment. To adopt a policy of precipitating a civil war would be first-rate folly for the bourgeoisie and a sure sign that it has lost its head even before being led to the scaffold. Any such attempt would, overnight, fuse together the entire British working class into an aggressive, iron phalanx, possessing

considerable military skill and experience. It would have on its side not only the sympathy but the active aid of considerable sections of the middle classes. More important, the working class of the entire world, regardless of present political divisions, would be as one in its support of the forces of the Labour government. A Tory civil war would be a boon to Stalinist Russia in the tensely critical world situation, and it would not hesitate to support the Labourites, for its own reasons, to be sure. Upon whom could the Tories rely for battle-forces? The British army? At best, on a small minority of that armed force. It is in the army that the heaviest pro-Labour party vote was cast. The British Fascists? They are the most completely discredited "movement" in Britain, and as a force they are utterly negligible. It may be different tomorrow, but that is how it is today. The European bourgeoisie? It would be impotent to contribute anything material to aid a British bourgeois armed struggle. The American bourgeoisie? That's much more serious, of course, but even it could not give direct military aid to its British compeers in such a struggle. There too the situation may be different tomorrow, but that is how it is today.

In a civil war, the bourgeoisie not only has more chances of losing than of winning, but in the event that it lost the military struggle it would be absolutely certain to lose everything and to lose it forever. The realization of all this undoubtedly has entered into the calculations of the British bourgeoisie and helped determine its course. These same considerations, on the other hand, offer the British working class and its party a most exceptional opportunity of reconstructing British society on socialist foundations by parliamentary means, by

peaceful means, with a tiny minimum of social setbacks and losses. Every Marxist, every socialist, must strain his efforts to seize and realize the opportunity. It is a golden one. Its like may not occur again for a long time.

WE HAVE NOT, WE HOPE, indicated by the foregoing that the present British workers' government is a genuinely socialist government or that it is establishing socialism. To the extent that it is nationalizing the economy, the Labour government is indeed expropriating the bourgeoisie. But that is not at all the same thing as the establishment of socialism. Socialism does not advocate a change in the economic structure of society for its own sake. It has no interest at all in changes of that kind. It advocates the economic change *only* in order to make possible such a radical change in social relations as will free the producer from domination by the product, as will free the working class and therewith society of class rule, class exploitation, and class oppression in any of its forms, old or new. Whatever *leads* in that direction is progressive and socialistic in tendency; whatever leads away from it is reactionary and anti-socialist. While it has nationalized various branches of industry, the Labour government has not proceeded to establish those new social relations to which we have referred. The Labourite leadership is not being charged with having failed to establish these new relations, for no human force could do that in one night or one year or one decade. What *could* and should be done is to take those steps which are, at once, possible and practicable and which lead toward the establishment of socialism, which are indeed the indispensable pre-condition for socialism.

Socialism is different from all other

social orders by the outstanding fact that, first, the producer is not distinguished from other members of the community by class divisions based on economic and political privileges which one class enjoys and the other does not, and second, by that token, is a producer who is master of the conditions of production. Accordingly, a workers' government that is *moving* toward socialism is different from any other workers' government (to say nothing of a capitalist government) by the outstanding fact that the workers, as distinguished from still-existing other classes and social groups, are themselves *becoming* the masters of the conditions of production in the economy which is no-longer-fully capitalist but not-yet-fully socialist. Since capitalism cannot be replaced by socialism overnight, there is a transition period between the two. This transition is the period of the dictatorship of the proletariat which can take any number of forms. At bottom, this is nothing but the period during which the working class directly acquires control over production and distribution, trains itself in their operation and management, gradually reduces all economic problems to problems of accountancy and control, and by learning to rule all the economy, learns to rule itself and therewith to abolish all form of political rule. If that is not the essence and bloodstream of the period, then no matter what else is done and no matter what is said, there will be no socialism nor even a movement in its direction.

It is primarily and mainly in this respect that the present Labour government stands inexcusably indicted from the socialist standpoint. The fact that the British workers still have a low standard of living, that they

have little to eat and poor shelter over their heads, could be overcome in part even under the present government, but only demagoguery or ignorance would place the primary responsibility for that situation upon its shoulders. The fact that the British workers must work hard in order to raise the level of production, is likewise not a criticism that would fall primarily upon the shoulders of the Labour government, whose shortcomings in this field must be compared with what it inherits from the capitalist regime. What does fall entirely upon the government is the responsibility for keeping the working class—not its officialdom, but the workers themselves—at a cold distance from management and control of the nationalized industries, let alone the industries of "free enterprise." The Bolsheviks—so disdained by the Labourite leadership—did not contemplate so rapid a pace of nationalization as the British have undertaken and as the Bolsheviks themselves were forced by uncontrollable events to undertake. But not only did they advocate, they actually instituted complete workers' control of industry, so that the Russian worker actually was and actually felt himself to be master in the house. More than any other single act, this one unmistakably defined the Bolshevik regime as a genuinely socialist workers' government. The British worker does not feel himself to be master in the house, nor is he. While the old master has been removed or hobbled, the new master is not the workingman or the associated workmen, but the workers' officialdom, the Labourite bureaucracy.

THE "NEW QUESTION" POSED BY THE experience of the Labour government is not, then, whether socialism can be established by parliamentary means

or only by extraparliamentary means. It is this: Can the working class reach socialism only by its own efforts, by its direct class rule over the economic and political life of the country, or can socialism be attained without workers' control and simply by an expropriation of the bourgeoisie carried out, one way or another, under the control and direction of a more or less benevolent workers' bureaucracy? The spread of Stalinism has raised the same question in one way; the Labourite government in another way. If it is not the most vital question of our time, it is certainly one of the most vital. Not a few Marxists have abandoned the basic analyses and convictions of the founders and teachers of scientific socialism by replying, in effect, in the affirmative: Yes, the road to socialism lies or may lie through the domination of society by a workers' bureaucracy or a bureaucracy that arose out of the labor movement. They have concluded that the Stalinist revolution is the socialist revolution, that Stalinist society is progressive, that the Titoist state is socialist, and the like. As for ourselves, we remain unreconstructed in our belief that the emancipation of the working class, that is, socialism, is the task of the working class itself and of no one else. The experience of the Labourite government, especially when considered, as it must be, in the light of the social and historical significance of the rise of Stalinism, has not modified our belief in the slightest degree and we see no grounds in the realities of British society to warrant such a modification.

That the general position of the British working class has improved under the Labour government is undeniable. That the general position of the British bourgeoisie has deteri-

orated is equally undeniable. But what has been most significantly strengthened and improved is the economic and political position of the labor officialdom. It is they, first and foremost, who have benefited from the economic and political changes effected by the Labour government, just as it is they and not the working class itself that have effected the changes.

This implies that classical reformism itself has changed. That is correct. It corresponds to the profound changes that capitalism has undergone. Classical reformism—as exemplified by the old German Social Democracy and the Labour Party of the MacDonald days—did not think of expropriating the bourgeoisie and actually abolishing the rule of capital in the economy; or if it did think of it, it never went further than to translate its thoughts into hollow public speeches and writings. The German Social Democracy, when it had complete control of the country, spent years in solemn study of the conditions of the coal industry, published its findings in weighty scientific tomes, under the direction of Karl Kautsky himself; but it never nationalized the coal industry. If the MacDonald governments even talked about nationalization, the tones were too faint to be remembered today. The contrast with the present Labour government is clearly evident. The classical Social Democracy was a bureaucratically dominated product of the rise of capitalist imperialism. Its ideology and social interests were shaped in the period of that rise. It drew its economic sustenance from the vast super-profits accumulated by the big imperialist states. It acquired a stake—modest but nonetheless a stake—in the preservation of capitalism, that is, of private property in the

land, however, the ideology of the labor officialdom has kept much more active pace with the changes in the historical position of British capitalism. Compare British capitalism of 1945 with British capitalism of 1924, and you get a fairly adequate measure of the change in the Labour Party (and, for that matter, in the working class as a whole) from the days of MacDonald's rule to those of Attlee and Bevin.

It is not of course a question of the personal sincerity or integrity of this or that official, which we would like to believe is of the highest quality. It is a question of social forces and interests and ideologies. The official slogan of "Socialism Now!" means, in practice, "Socialism for the Officialdom," or "Socialism Directed by the Officialdom in the Very Best Interests of Labour." This means no socialism at all. But it does mean a different attitude toward private property and capitalist rule of the economy. Yesterday's reformist officialdom, the Labourite bureaucracy of today, *wants* to dispossess the present property-owners, *wants* to take over industry, *wants* economic and political control of the country, even if its training dictates Fabian prudence and gradualism in achieving its wants. It may *think* it wants it for the working class; it doubtlessly does think so. But Marx in his time, and Freud in his, taught us not to judge a man by what he thinks of himself—a man or a social group—but by what he does and by the objective effect of his acts. The present officialdom wants to dispossess the old property-owners, but not in order to install the free rule of the working class. Socialist democracy, genuine proletarian democracy, would give the bureaucrats (we speak not of this or that individual, but of a

A very excellent example of this reformism, in the life and in the flesh, and in a specific national form, of course, is to be found right here in the United States: the American labor officialdom. Its like exists nowhere else on earth today because there is no longer any capitalist power comparable to the American. The other capitalist regimes have collapsed or are always on the brink of collapse, economic and political. The British is included. The empire of old is at an end. At an end, too, are the huge super-profits which corrupted the British working class, primarily its officialdom, for generations (Britain is, for example, in debt to India today!). In one country after another—again Britain included—private property is less and less the basis for national economic strength and prosperity, and this becomes more and more obvious *even to the labor aristocracy, even to the labor bureaucracy*. Ideology lags notoriously behind social reality. In France, where capitalist decay is further advanced than in England, the ideology of the reformist officialdom, or what is left of it, has not changed significantly; it acts and thinks as if it still had the old stake in the preservation of private property. In Eng-

land, however, the ideology of the labor officialdom has kept much more active pace with the changes in the historical position of British capitalism. Compare British capitalism of 1945 with British capitalism of 1924, and you get a fairly adequate measure of the change in the Labour Party (and, for that matter, in the working class as a whole) from the days of MacDonald's rule to those of Attlee and Bevin.



specific social stratum) even less in the form of special position, privilege and power than it enjoyed in the heyday of capitalism. That is why in Britain today, unlike the Russia of 1917, the undermining of the power of the capitalists is not accompanied by an extension of democratic, socialistic workers' power.

An adequate treatment of the foreign policy of the Labour government is of key importance,\* but it must await another occasion. Here it must suffice to point out that the very nature of the change in British reformism determines the fact that its foreign policy is essentially imperialistic. It is no more the task or the concern of the labor officialdom to liberate the colonial peoples than to emancipate its own working class. Its task and concern are to reorganize Britain, and as much of the empire as its broken forces enable it to hold together, in its own interests. It is true that the Labourites agreed to grant India national independence. But that was imposed upon them by the Indians. In Malaya, Labourite foreign policy shows itself to be as outrageously imperialistic, rotten and barbarous as the French in Indo-China. It may be freely granted that the Labour government's foreign policy is, on the whole, much more democratic than Stalinist Russia's, but it is not one whit less imperialistic in its fundamental character. The new rulers and would-be rulers have little interest in preserving the power of the British capitalist class; but they have shown active interest in preserving whatever colonial power they could in the in-

\*As is the related question of the specifically Labourite "theory" (unformulated and unvoiced but nonetheless real) of "socialism in one country," which pervades the thinking and action of the British government.

terest of Britain, that is, the British government, that is, themselves.

FIVE YEARS OF THE NEW LABOUR government have brought the country and its working class to a fork in the road. If the present basic economic and political trend were to continue *uninterrupted* in Britain, the means of production and exchange would all end up in the hands of the state and the state in the hands of an all-powerful bureaucracy. Beginning in a different way, with different origins, along different roads, at a different pace, but in response to the same basic social causes, Britain would then develop toward the type of totalitarian collectivism which is the distinguishing mark of Stalinist society. Mr. Attlee's denunciations of Russia as a "bureaucratic-collectivist state" to the contrary notwithstanding. Fortunately, we are a long way from that yet, a long, long way. Distinguishing periods of development and judging the pace at which changes take place, taking into account conflicting social forces and judging their interplay—these are of the essence of socialist politics. If we speak above of the present trend, it is only conditional, only as abstracted from other trends and forces, and in order to indicate what this particular trend is so that, knowing and understanding it, it is easier to resist it. It would be preposterous, and worse, suicidal, to take the beginning for the end, the thread for the strand. Is it necessary to mention more than this one fact: Stalinism not only took years to come fully to power but it was able to reach it only because the working class movement in Russia was so deeply crushed, demoralized, passive, exhausted, whereas the British working class movement is only beginning to feel its power, is

strong and vigorous, is inspired with socialist hopes and convictions, is impatient with its government because it does not move fast and firmly enough toward working-class socialism, and above all is still in a full position to debate its problems freely, to express itself openly, to make changes, even basic changes, without having to fight a ubiquitous and omnipotent police state?

What is or should be overwhelmingly important for the socialist movement, for the serious British socialists in particular, is that there is a workers' government in power in Britain which is so constructed, and which is based on such a popular proletarian movement, as makes it possible by entirely democratic means to transform the government into a genuinely socialist workers' regime. If this were accomplished, the consequences would be breathtaking. The great wheels of history which have sunk so deep into the mud of retrogression for a quarter of a century would be lifted on to smooth dry road and race forward at a tremendous speed. The transformation is possible, the opportunity is golden.

As far back as 1922, the leader of the Communist International—when it had a leader and not a police chief—spoke words at the Fourth Congress which are not inappropriate today:

We are now having elections in England. The point will probably not be reached in these elections, but theoretically it is quite proper to imagine a situation in which a workers' government arrives which is similar to the Australian workers' government and by its contents is a liberal workers' government. Such a liberal workers' government could, in the present situation in England, become a point of departure for the revolutionization of the country. That could happen. But by itself it would be nothing more than a liberal workers' government. We, the Communists, are

now voting in England for the Labour Party. That is the same as voting for a liberal workers' government. The Communists in England are compelled to vote in the present situation for a liberal workers' government. That's an absolutely correct tactic. Why? Because, objectively that will be a step forward, because a liberal government in England would best prepare the way for the bankruptcy of capitalism. We have already seen in Russia, in the Kerensky days, that the position of capitalism was shattered, even though the liberals were agents of capitalism. Plekhanov called the Mensheviks in the period from February to October, 1917, semi-Bolsheviks. We thought this was wrong, they were no Bolsheviks, not even quarter-Bolsheviks. We said that because we were in heated struggle against them and because we saw their treachery toward the proletariat. But objectively Plekhanov was right. Objectively, the Menshevik government was best calculated to make a hash out of capitalism, to make its position impossible for it. Our party comrades, who were arrayed against the Mensheviks in struggle, were then still unable to see this fact.

You stand in conflict against one another. You see only that they are traitors to the working class. They are not enemies of the bourgeoisie, but when the weapon of the bourgeoisie is forced into their hands for a time, they can take many steps which are directed objectively against the bourgeois state. Therefore, in England we support the liberal workers' government and also the Labour Party. The English bourgeoisie is also right when it says: the workers' government begins with Clynes and may end with the left wing.

While some of what Zinoviev said then is not applicable, most of what he said is far more valid today than it was in 1922. The British working class is far stronger today than it was then; it is more determined now to realize socialism than it was then. Its discontentment with the official leadership is an excellent sign of good political health, a fact which is only emphasized by its refusal to turn to the Stalinist agency in Britain. The Labourite undermining of capitalism is

far more advanced than anything done by the Russian Mensheviks in 1917. It is true that an organized left wing does not exist today even to the extent that it existed in Britain thirty years ago. But the components for a powerful left wing exist in numbers that are sufficient and more than sufficient. Here we venture once again the opinion that the socialist who remains outside the ranks of the Labour Party today is committing, to put it gently, a gross political misdemeanor. To enter the Labour Party as a closed faction, especially a "secret" faction, is, if that is possible, even worse. To work within it for the "Defense of the Soviet Union" and as apologists for Titoism, is a criminal objective that requires the special political genius which the "official Trotskyists" have made their distinguishing attribute. The task is to create, to assemble, a broad socialist left wing (not to recruit a dozen members to a sterile secret sect which does not even have the virtue of being theoretically or politically correct) which aims openly and loyally to change the course of the party, to win it for its views, to choose a leadership corresponding to them.

The realization of this task is not guaranteed, but all the possibilities for realizing it exist. There are any number of instances where a conservative workers' party was transformed into a genuine socialist party. No one can prove that the Labour Party alone is inherently immune from such a transformation, and no one is obliged to lose his time listening to such "proof." The job is to work at the transformation, without prejudice, without skepticism, but with the sustaining conviction that the working class, the present British working class in particular, while it refuses to engage in futile exercises like aban-

doning its own party to form a small but perfect one, is nevertheless capable of making great and profound changes, of performing miracles, of proving that its ancestors of the days of Chartism and even of the General Strike are its very own.

We have already indicated where we think one road away from the fork can lead to in Britain. There is another road, and no insurmountable obstacles block it. It is the working-class road to socialist democracy. Everything depends upon the British working class. It can make a proletarian Britain the great independent rallying center that proletarian Russia was a generation ago, a center capable of challenging and triumphing over the forces represented by Washington and Moscow. It is possible to do this, now, without violent convulsions, democratically, peacefully. What the British working class will do in the promising days ahead depends, in no small measure, upon the clearheadedness, the sympathetic understanding, the freedom from out-lived dogmas and the enthusiasm of all proletarian socialists, the British in particular. The possibilities challenge them.

MAX SHACHTMAN

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THE NEW INTERNATIONAL

## The Ideology of Gradualness

"Cold Nationalization"—or a Dynamic Socialist Policy?

*"For the first time in her history, England now finds herself in the part of a subsidized power—the part which in former times she has had played for her, now by Prussia and now by Austria."*  
(Bertrand de Jouvenel, *Problems of Socialist England*, p. 34.)

The experience of the Labour Government and its related efforts to establish a unique English form of socialism is continuing, although on admittedly shaky legs. The fact that this experiment in socialist reformism takes place under unfavorable circumstances—a general world decline in which all that was formerly in Britain's favor from an economic standpoint has turned into its opposite—is well known. Nevertheless, the effort continues and deserves the closest attention, both sympathetic and critical, from socialists everywhere.

Like any other significant social movement, the British labor regime has developed its ideologists, historians and intellectual supporters. In their works, if we examine them with care, we can find not only much serious information which will help us to evaluate the regime itself, but also indirect answers to many puzzling problems relating to the ideology, the "conception of life" held by its leaders and the more remote aims they have in mind. This work\* of Keith Hutchison, at present an associate editor of *The Nation* and a former secretary of Clement Attlee, fulfills not only its author's stated purpose, but

\**The Decline and Fall of British Capitalism*, by Keith Hutchison. Charles Scribner's Sons, New York, 1950, i-xiv; 274 pp.

gives us some clues into the thought processes of the labor leadership itself.

The theme of Hutchison is simplicity itself and contained in the title of his work. It is a comforting thesis—if only it were true! The decline of British capitalism is a fact recognized by all; but its actual fall has yet to be recognized by anyone (except the author). Beginning with the 1880s, and proceeding through the past six decades at a steadily growing pace, British capitalism has been undermined, sapped and weakened so thoroughly that it can no longer be considered as capitalist. With true British boldness and subtlety of thought, our author attempts to point out that this process was largely administered by the British ruling class itself—its Tory and Liberal party leaders. The famous Labour Party electoral victory in 1945 was thus "only a quickened step along a path already familiar." So confident is the author of his thesis that in an article published in the Fall, 1949 issue of *The Antioch Review*, he firmly contends that Britain's two major parties, Labor and Conservative, will lose their present "class character," and political affiliation and adherence will be based upon "temperament." Naturally, no date is offered for this event, but with the inevitability of that gradualness which has been the ideological heart of British socialism, the construction of socialism is assured.

IT IS OUR INTENTION TO PROBE THE question as to whether or not Hutchison, in this semi-official work, gives us any unintended insights into the na-

ture and character of this British socialism, rather than to take up in any detail the material contained in the book itself. In passing, however, let us say that for anyone not well acquainted with the background material in the history of British labor politics and the evolution of party systems in England, much well presented material, written in an interesting and sedate fashion, is presented here.

Long before the nationalization program of the Labor government, says Hutchison, capitalism was on its way out in England. The "chief evidence" for this statement is (1) the undermining of the free-market system and (2) the redistribution of wealth by way of "... steeply graduated direct taxation and a comprehensive network of social services." Marx did not recognize this "Fabian retreat of the British capitalist forces before the slowly advancing political and industrial armies of labor" (page xiii). By peacefully surrendering its "political monopoly" the British bourgeoisie confounded Marxism, which sees no possibility of compromise between capital and labor. As a result of this evolutionary process, "the role of the State was changed from that of neutral policeman to social worker and economic planner; it acquired specific responsibility for social security and welfare and became an agency for the redistribution of property and income" (page xiii-xiv).

To emphasize the ineluctability of this process of socialization of State and society, the author works hard at the task of fitting all events and developments in English economic, political and social history into this conception. For example, describing an eight year period of Tory government in the 1930s, Hutchison states that

while this government aided the capitalist class "... to secure temporarily a larger share of the cake" (pages 224-5), this gain was accompanied by an intervention of the State in economic affairs running counter to the theory of private enterprise. "If the real test of economic efficiency is ability to make a profit in a free market," how can we apply such a test when the market, at this time, was rigged by tariffs, doles to industry, legal restrictions on competition and "... deliberate instigation of monopoly?"

It is clear that the author has a most naive, simplified but highly convenient (for him) definition of capital. In part, his understanding of the social system of capitalism is limited to some of its classic *secondary* features (market, political monopoly of the bourgeoisie, etc.); in part it is based upon a complete misrepresentation of the nature of the State, and the assumption that changes in the role of the State since the 19th Century imply the steady liquidation of the old order. In brief, Hutchison has returned to a primitive Adam Smith notion of capitalism and, instead of tracing the evolution of the British capitalist structure, he has wiped away both this evolution and the structure itself by his superficial toying with definitions.

In this respect, therefore, the book cannot add to our knowledge of either the structural changes in British capitalism, nor to any effort to understand and estimate it today. This is a fault, indeed, since one of the most interesting Marxist theoretical questions today is the exact and precise nature of British society under the now five-year-old Labor regime. Hutchison has given us little or nothing to go by in any attempted analysis. On this score, the only really valu-

able and interesting chapter in the book (Chapter 18) is that describing the economic problems and choices which faced the Labor government when it first assumed political power. Hutchison describes the various alternative policies that might have been pursued, although correctly emphasizing that all were strictly limited by the hostile surrounding world which made some element of "austerity" unavoidable. It should be noted, however, that the Labor government, particularly since it has obtained its second and so much less decisive mandate, has consistently pursued the more conservative and rightist alternative described by the author.

I asked the question in the beginning of this article whether it is possible to obtain any insight into the ideologic conceptions of the British labor leaders from this work, even if indirectly. Since I share the viewpoint of those who state that it is both misleading and fruitless to describe the Labor government as simply another species of "capitalist-imperialist" regime, this question is worth pursuing.

IS ANYTHING REVEALED ABOUT THE nature of this British "socialism"? Let us see first what *formal* conception of socialism exists in the mind of the author and the British labor leadership. Hutchison quotes the remarks of a "left-wing" Tory MP (Quentin Hogg) who wrote in the *London Times* that, "We are committed to a great experiment—the creation and maintenance of a Social Democratic State." Although a long period of preparation has been underway, this experiment is still in its early state. The Labor Party, in its 1945 victory election manifesto, was a little more specific about the content and nature of this "Social Democratic State." At that

time, its ultimate purpose was the establishment of the socialist commonwealth of Great Britain—"free, democratic, efficient, progressive, public-spirited, its resources organized in the service of the British people." Aside from the now familiar measures of economic control (price fixing, rationing, etc.) and social welfare (housing, schools, education reform, national health service, etc.), the manifesto stated its broader and long-range objectives to be as follows: public ownership of the means of production, distribution and exchange (various industries, subsequently nationalized, were listed as "ripe" for immediate action); non-nationalized industries must meet the test of "public service"; new capital investment would be subject to government planning, and state control of credit policies would follow hard upon the nationalization of the Bank of England. As everyone knows, the substantial section of this program has been carried out.

Hutchison, stating again his thesis that the groundwork for this program had been in preparation for more than fifty years ("creeping collectivism"), announces in his work that this form of "planned economy" is nevertheless a turning point in British history because it presages "... a change from a society which was still essentially capitalistic, although tempered by many socialist innovations, to one basically socialist despite numerous capitalist survivals. For while most economic enterprises were still to be privately owned, the decisions of their managers on such major matters as the scale and nature of their operations, the distribution of their products, the disposal of profits, and the investment of new capital, were henceforth to be strongly influenced, and indeed often determined, by gov-

ernment plans rather than by market pressures."

In pondering this description of their "new society," as given in the words of its founders themselves, we note immediately some significant characteristics. To begin with, the inroads into both traditional and even contemporary capitalism are not only substantial, but highly significant since they touch upon all fields of the capitalist productive and distribution process: regulation of working conditions; investment and use of capital; quantity and quality of production; rate and distribution of profit, etc. On the face of it, it would be absurd to maintain stubbornly that it is a matter of the "same old capitalism" assuming some new but transparent guise, particularly in view of the surprising extent to which the Labor government has gone to make its program a reality.

But this generally recognized point only carries us to that stage in our analysis where we admit that the Labor government, five years in total power, differs fundamentally from traditional Social Democratic coalition regimes, or social democratic governments. Can we proceed further and state what kind of a regime the Labor government seeks to construct, and how it differs from the aforementioned? In the first place, it is clear that the State plays the leading role in their regime and that, when and if this State development should reach its full height, it would be an all-powerful apparatus, controlling and regulating all forms and expressions of social, political and economic life. Its economic base would be nationalization, its political expression would be that of formal and legal democracy, its social content would be that of a regulated popular welfare extending

to all the realms of man's physical and biologic needs. State, government, public agency, control, regulation, organization, nationalization, planning, economic boards, etc.—these are key words in the Labor government's program and ideology.

LET US CONCRETELY EXAMINE one important aspect of the Labor Party's overall program; nationalization, the means by which the economic base of the new regime is to be created. Hutchison is correct in asserting (page 254) that more time is required before we can correctly appraise the nationalization program as a whole, but in indicating his criteria for such an appraisal, he gives us a deep insight into the mind of the Labor leadership. The national boards and corporations set up over the nationalized industries cannot yet be judged for "An intricate piece of new social machinery as it comes from the designer's hand is no more likely to be perfect than mechanical equipment embodying new principles. Only actual working experience will show, as American engineers say, what 'the bugs' in it are and how they can be eliminated."

Both terminology and analogy here are illuminating. Social machinery, designer's hand, engineers, etc. Obviously, we have here a conception of production which is thoroughly bureaucratic, imposed from above and having not the remotest grasp of the profoundly socialist concept of popular control, direction and handling of industry by the masses of workers themselves. The "Social Democratic State" system of the Laborites is thus bureaucratic at its core. *The Antioch Review* (Fall, 1949) provides us with an interesting factual picture of the National Coal Board, which took over Britain's basic coal industry on January 1, 1947. It gives us a portrait of

Hutchison's "social machinery" and the "designer's hand" as well.

The National Coal Board consists of nine members, appointed by the government. This is the summit of the administrative pyramid. Below, we find eight Divisional Boards, which operate as consultative committees. In turn, the Divisional Boards stand in command over forty-eight regional areas, below which are the individual coal mines with their responsible managers. On these various hierarchical levels of control, the various departments of finance, planning, etc., are reproduced. In all, the industry now has 35,000 functionaries and administrators reaching from the mine to the National Coal Board. What consequence? "In the main . . . the industry is operated, as a business, by its former managerial class, reinforced by economists, civil servants, scientists, and others brought in from outside." (page 277)

It is astounding what little interest Hutchison pays to the workers of England, and their living institutions—unions, cooperative, etc. In his portrayal, they are given no roles beyond that of carrying out the plans and commands of the bureaucracy. In his description of nationalization, its successes and failures, they simply are not mentioned. In the concluding chapter of the book, the author acknowledges that "nothing can be done without the positive consent of the workers," but even his formulation indicates the passive role of agreement or disagreement they are to play. Any idea of the workers commanding the situation, shaping both social and economic policy through their own institutions, etc., is an utterly foreign notion in the ideologic head of Hutchison, or the bureaucratic type for whom he writes.

It is interesting to note that in Western Germany, where the Social Democratic proposal for nationalization of industry along the British lines is bitterly opposed by the ultra-conservative, Ruhr industrialist regime of Adenauer, a measure providing for a far more extensive voice of labor in the management process was proposed by the Christian Socialists and is under discussion. The *New York Times* aptly described it as a "cold socialization" measure, emphasizing, from another aspect, its bureaucratic, "from above" character. It would give labor a voice in plant management regarding plant conditions, business policy, production methods and a veto over all management proposals for solutions to these problems. Labor, in turn, would provide a core of "experts" to express its standpoint on all issues. The principle of "codetermination" between workers and management with respect to economic and welfare policies is established, and the law proposed states that shop councils shall have equal rights with the owners "in setting managerial questions of contracts, social welfare, production programs, purchasing and distribution."

An interesting contrast with British nationalization, where the overthrow of individual ownership has not been followed up by the indispensable workers' control over nationalized industry! In Western Germany, workers' control is proposed (at least, to a greater extent than in England), without the indispensable nationalization which forms one basic element in a socialist method of production. Interestingly enough, German industrialists—citing the "State Socialism" program of Bismarck—endorse the proposed law on the grounds that major concessions must be made to labor to

prevent nationalization. Actually, a combination of nationalization with the workers command; wherein both social order under which one may say the workers' command; wherein both outward form and social content harmonize in a socialist sense.

Bonn "cold socialism" and British "cold nationalization" both belong to the category of bureaucratic social regimes. If the British labor government by its program of nationalization and social welfare has taken us many steps forward (as indeed it has), and commands our sympathetic understanding and friendly criticism (as it does), it has by its own acknowledg-

ment and definition failed entirely in solving what must be a key issue for socialists; namely, to so raise and develop the social and socialist consciousness of the workers who support the regime that they shall become an organic part of that regime, regulating its activities through their own decisions; controlling its productive and state apparatus at all levels of decision—in a word, preparing the dissolution of the domineering State itself by learning how to execute every function and deed of that hitherto indispensable, but happily no longer required evil creation of class society.

HENRY JUDD

## Is England Moving Toward Socialism?

*An Appraisal of Two Recent Studies by Brady and Watkins*

CRISIS IN BRITAIN, by Robert A. Brady. Berkeley, Calif., University of California Press. 714 pp. \$5.00.

A good deal is being written these days about the "meaning" of the British Labor government. From the conservative right we are told that there is a direct and inevitable road leading straight from British "socialism" to the "new serfdom" of Stalinism. At the devitalized center stands Arthur Schlesinger, Jr. to bewail the loss of élan by the British labor leadership, and to tell us that if only labor would abandon its rigid faith in nationalization of industry, and grasp instead the creative gospel of Keynesian economics as propounded by the liberals, all would be well. Standing at Schlesinger's left shoulder is the American Socialist Party which sees in the program of the Labor government the realization of the socialist dream in practical terms. This school of analysis includes the official view of the British Labor Party itself as propounded in its election platforms. It includes also almost the whole of that vague and unorganized "socialistic" thought in America which ranges from the legion of ex-socialists who make a small though respectable living in the research departments

of our more enlightened unions, to the fair-dealish writers and politicians who temper their firm determination to bring about a better world with the even firmer desire to keep the Democratic Party in power regardless of the cost.

The thing which all these analyses of the British Labor government have in common is the sweep with which they jump from their premises to their conclusions. In between there is only the most baldfaced impressionism, which is another way of saying that there is a *substitution* of premises and impressions for analysis.

Robert A. Brady's "Crisis in Britain" is a welcome relief from all the above-mentioned schools of writing about Britain. A professor of economics at the University of California at Berkeley, Brady\* was able to spend eight months in Britain. The result of his work as presented in this book is the first rounded study of the problems which confront Britain today and of the theory and practice with which the British Labor Party has tried to meet these problems. It is hardly a

\*Other books by Robert A. Brady: *Spirit and Structure of German Fascism; Business as a System of Power; Rationalization Movement in German Industry.*

serious criticism to say that even as extensive a work as this has left a lot of loose ends for others to tie up.

Brady has a thesis which runs through his whole analysis of the British Labor government. Whether he started his work with a "preconceived idea," or whether his thesis developed from his materials is a question which can concern only people who are ignorant of scientific method as employed in the social sciences or who identify this method with the blind grubbing of academic moles. Brady gathers and analyzes an impressive mass of data to demonstrate his thesis: the present operational theories (as distinguished from holiday statements) of the British Labor government, and the practice which flows from them are inadequate to bring about a *socialist* solution to the problems of British society. Or, to put it in a way which may avoid terminological dispute over the word "socialist," the crisis in which Britain finds itself cannot and will not be solved if the British Labor Party continues along the tack it has been following since 1945, and which it seems even more determined to follow since the narrow electoral victory in 1950.

"From the moment of its coming to power," writes Brady in the first paragraph of "Crisis in Britain," "the British Labour government has had to contend not only with issues that were legacies of two world wars, but with many of the still unsolved problems that had led to those wars. It has been compelled to divide its forces in order to battle for national economic survival in the international sphere and, at the same time, struggle for wide-ranging social and economic revolution at home. The first task involves a web of interdependent issues which is coextensive with virtually the entire range of economic policy-making decisions by all parties and interests through the nation, and is further complicated by the fact that very nearly everywhere, and with almost every facet of such policy, success at home depends upon a world economic situation over which Britain can exercise at best only a very limited and highly tentative influence. The second is no less complex or vital; it reaches to the central ideological conflicts and their attendant cultural values, which lie at the heart of not only British but all Western civilization."

The rest of the book puts substance into these generalizations. First it dis-

cusses the historical and ideological factors which have shaped the British Labor Party and its thinking. It then discusses each major field in which the BLP government has intervened in a decisive manner: the Bank of England; Coal; Electricity and Gas; Iron and Steel; National Transport; Telecommunications; Social Insurance; Health; Town and Country Planning; Agriculture and Marketing. The book ends with four chapters entitled Industry: National Planning; Industry: Copartnership and Monopoly; Empire: Commonwealth and Colonies; and finally, Achievements and Prospects.

It must be borne in mind that the leadership of the BLP are not, and never have been Marxists. They recognize the existence of the class struggle and the contradictions inherent in capitalism, but not in the Marxian sense. To them the arrogance and propensity to exploit of the ruling class is a moral failing of the old rulers of Britain. In their economics they are, despite Arthur Schlesinger Jr., much closer to Keynes than to Marx. That is, here again they believe that the contradictions of capitalism are a product mainly of the short-sightedness of private investors. The necessary changes can be brought about, therefore, by moral suasion and education on the one hand, and by direction of investment on a long-term basis by a far-sighted Labor government.

With such a social theory, nationalization of industry can take place only within certain fairly well-defined limits. It is difficult to persuade people whom you have expropriated to cooperate with you, nor is it easy to re-educate people who are smarting under the sense of a great social wrong done them by their teachers. Thus the nationalization program can extend only to those sectors of British industry which the capitalists will relinquish without too bitter a struggle, and it must be accomplished in such a way as to minimize the opposition of the former owners.

Brady's chief index to the reaction of the British ruling class to the nationalization schemes is the debates in Parliament over them. By extensive quotation he demonstrates that in every case but that of steel, the opposition of the Tories was not one of principle, but rather to the specific proposals on the national organization and the method and extent of

compensation. The same applies to almost all the social security measures carried out by the BLP. In the last election the Conservatives made the case clear by claiming that what the Labor government had done in this field was merely an acceptable though poorly administered extension of measures initiated and proposed originally by Conservative statesmen. This does not mean, of course, that had the Tories been in power they would have done in these spheres what Labor has accomplished. It means simply that they were not in principle opposed to these measures, that they do not feel them incompatible with continued social dominance of the class which they represent in British society.

Thus the policies pursued by the Labor government have clearly accomplished one of their goals: to introduce broad-scale social and economic reforms and changes without throwing British society into turmoil. But have they accomplished enough to solve even in a preliminary way, the most pressing problems which afflict British society?

These problems are so many and so diverse that one hesitates to select the "central" one among them. Yet if we abstract for the moment from the international field, it is certainly clear that a good deal of the crisis in Britain can be lumped together under the heading of a crisis in the productivity of labor.

As everyone knows, Britain has the oldest industrial plant in the world. It has a tremendous density of population with a staggering food production deficit. It has to import the overwhelming bulk of almost every raw material its industries transform into finished goods (except coal). Thus foreign trade for Britain is not, so to speak, a safety valve for the economy, it is in the most immediate, daily and direct sense its bloodstream.

This means that the relative productivity of British labor is a datum crucial to the survival of the nation, again, in an immediate and daily sense. Any plan for the reorganization of British industry which does not involve the rapid and extensive upward movement of productivity is bound to fail to solve the central problem.

The factors which have kept back the productivity of British labor compared to that of the United States are many in number. Even before the First World

War it was pointed out that the tendency of the British world position was to make of the British capitalists an essentially rentier class. Instead of striding ahead technologically, British industry tended to rest on its laurels and seek to secure its markets through world-wide cartel agreements, and through an Empire and Commonwealth-wide protective system.

There are a dozen other factors. British industry, though highly monopolized in a financial sense, has never been integrated technologically, even on a corporation-wide level. Tremendous wastage in cross-haulage within a single technological process is the result (eg. from iron ore smelting through to the final product). The financial monopolization of industry has led to a whole web of commercial relations which make no sense from the point of view of producer-to-consumer efficiency.

Thus the basic problem from the purely technological point of view is the complete reorganization of British industry on the basis of a ground-plan which would relocate industry in relation to raw materials, manpower and markets. This would have to be accompanied side by side with the vertical integration of production processes which would permit modern mass-production techniques to be applied, and which would eliminate unnecessary cross-haulage of materials and products.

Brady contends that none of the nationalized industries have been reorganized from this point of view, and that there are no plans to reorganize them. Though nationalization has brought certain efficiencies, they are essentially of the kind that one would expect if each of the nationalized industries had been given over to a private corporation to run without regard to anything that was being done by other corporations within the country.

As a matter of fact, that is just about what the administrative structure of nationalized industry amounts to in Britain. Each is run by an autonomous public corporation. The corporation has a structure not unlike the structures of private corporations, except that the officers of the boards are appointed by public bodies. There are, to be sure, a variety of inter-industry liaison committees and planning boards. But these either function on a day-to-day "practical" basis, or hardly function at all. The result is that tech-

nologically British industry has been creeping ahead instead of making the rapid strides which the situation requires.

The other major factor affecting productivity is the attitude of the workers and the degree to which they control production.

In Britain this is of exceptional importance. The British working class, though non-Marxist in its political ideology, is imbued with a deep-going sense of hostility to the ruling class. In production this translates itself into a hostility to change and a very effective resistance to any and all forms of speed-up. Unless these attitudes are transformed, the workers themselves become an obstacle to the introduction of new machinery and new methods of organizing the work, and cannot be driven faster with the old methods.

This comes to the heart of the failure of the British Labor government to solve the crisis in Britain, as Brady sees it. It is also, of course, the central problem of socialism, that is, of the possibility of reorganizing society on a socialist basis.

The workers of Britain won a great victory at the polls in 1945. They carried their party into power with a decisive majority. Yet on the day after, and the month and the year after their victory, they still had to go to the same jobs and work under the same foremen and superintendents. They still lived in the slums, while the class which had been beaten at the elections still lived in fine houses and apartments surrounded by servants. And what is even more important, as far as the workers could see ahead, even if they kept the Labor Party in power, no basic change would be wrought in all this.

The public corporations which run nationalized British industry are staffed by the old technicians and owners and managers. They are in no way subject to the control of the workers in the plants and mines. Even if a labor leader gets appointed to one of these boards, he does not sit as a representative of the workers. He is then an "expert," and must relinquish his union office as a condition of his employment. It is quite in line with official BLP philosophy that labor men on the boards shall serve the "general public" and not the workers. But it also means that the workers have no greater voice in the administration of industry than they had before.

The liberals in this country have been bemoaning the fact that the British workers are so irresponsible that most of the strikes in the past few months have been against nationalized industries. Yet why should this be surprising? They were never given any responsibility in the management of these industries. That would be "class" legislation. Why then should they feel a responsibility to them? In fact, it may be inherent in the situation that the workers feel *more* resentful toward industrial managements which have been set up by "their" government than toward private employers who never seriously pretended to have any responsibility toward the workers.

Ever since the days of Marx socialists have disputed over the methods of social revolution. In this dispute the advocates of "gradualism" have based their arguments to no small degree on the "social overhead" of a rapid and drastic seizure of power by the working class. The tearing of the social fabric which results when the basic social relations are transformed over a brief period of time have been described as the evil which is to be avoided at all costs.

In Britain today we see the "social overhead" of the gradualist approach. The working class has not broken with its traditions of servitude. It has not been emancipated by an act of social revolution in the course of which it gains a new vision of the possibilities of a society organized by itself on completely new lines. It has not been imbued with the willingness to take large-scale risks which is the negative way of saying that it has no large creative ideas for the transformation of British society.

The result is that although vast energies are put forth by the government, the increase in productivity is negligible, and certainly does not come close to solving the crisis of Britain in the most immediate sense. The workers are reluctant to accept even those minor proposals which are made by the government authorities unless they can see direct benefits to themselves in the personal, short-range sense. The government's agencies have a purely bureaucratic, administrative approach to the workers, and tend increasingly to blame *them* for not being willing to work harder and to accept every decision from above without question. As there is nothing creative, transforming in the procedures and plans of

the government (except in the sense of improving things here and there within the old framework) there is no reason for the workers to change their attitude.

This is the central thesis of Brady's book, demonstrated in detail and at length. He makes certain specific criticisms of the fundamental planlessness of British economic planning (it really differs little from the *approach* of the Fair Deal except in so far as Keynesian "full employment" policies are more consciously used) and of the administrative set-up in the various industries.

But the problem is obviously not one which can be solved by anything the government can do, as long as it clings to the idea that the capitalist system can be reformed or transformed without seriously inconveniencing the capitalists. In fact, it cannot be solved by the *government* at all. A new movement must grow inside the working class of Britain which consciously rejects the present ideology of the Labor Party. It must be a movement which not only recognizes the capitalist class as an enemy, but proposes to deal with it as such. This is, again, a negative way of saying that the British working class must recognize that it and it alone has the power to transform British society and thus save it.

In this discussion of "Crisis in Britain" there has been an obvious abstraction from the relations of Britain to the rest of the world. Brady does not fail to discuss this question in the book, though his discussion is of necessity more sketchy on this point than on the internal problems of British society.

The abstraction is, of course, purely artificial. Yet it seems useful to discuss whether or not the present Labor government is, in any sense, on the road to socialism purely on the basis of its domestic program because there has been a certain tendency in the socialist movement to accept this while insisting that the crucial weakness of BLP policy lies in its failure to adopt a foreign program of socialist internationalism.

On the evidence adduced by Brady, the British Labor government is not moving toward socialism, in any sense in which that word has been understood by Marxists in the past. And failing to do so, it is also failing to solve the most immediate and pressing economic and social prob-

lems which constitute the crisis in Britain.

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**THE CAUTIOUS REVOLUTION**, by Ernest Watkins. New York. Farrar, Straus. 451 pp. \$5.00.

The sub-title of this book is "Britain Today and Tomorrow." After the sub-title, Ernest Watkins, who is on the staff of the *Economist* and is a news commentator for the overseas program of the BBC, succeeds in continuing for four and a half hundred pages a "description" and "analysis" of the type which could be expected in a Sunday supplement of a liberal paper.

The book is crammed full of facts and figures. But the approach of the author is such that no clear or coherent picture ever develops from them. He writes as a determined anti-theoretician, in fact as one who reserves his most cutting jibes for those who seek to generalize experience in a consistent theory and then to formulate policies based on such a theory. When this is coupled with the desire to "interpret" the five years of the British Labor Party government to Americans with confirmed capitalist views in such a way as to flatter their prejudices without making them antagonistic to further cooperation with the British government, the result is a book which sheds no real light on the future of Britain.

Of course, it is true that the "revolution" in Britain which Watkins is describing is a social movement piloted by people who are almost as anti-theoretical, as empiric and hence as lacking in a concrete program adequate to the problems of Britain as he is. If the future of Britain is to remain in their hands indefinitely, undisturbed by any eruption from the workers of that country, it will be a dark future indeed. Yet, the revolutionary socialists of Britain need not abandon their firm conviction that sooner or later the workers will assert themselves for a bold and positive program in the affairs of their island as well as in those of the world at large. For, as Watkins writes in an entirely different connection: "If the human race has any merits at all, one must accept its capacity to fight until the last second of the last hour."

GORDON HASKELL

THE NEW INTERNATIONAL

# The Permanent War Economy

## Part I—Its Basic Characteristics

With the beginning of World War II, both American and world capitalism entered a new epoch—the era of the Permanent War Economy. This was not easily discernible in the immediate postwar period and it is only now, after the outbreak of the Korean war, that there is growing awareness that capitalism has entered a new stage. Its political basis of "neither peace nor war" was demonstrated in "After Korea—What?" in the previous issue of THE NEW INTERNATIONAL. Whether American armed forces are continuously engaged in active combat is immaterial to the *nature* of the new period in which we live. That is merely a *tactical* aspect in the current struggle for world supremacy between American and Stalinist imperialisms. In fact, the character of the Permanent War Economy, because it operates in either "peace" or "war," is most clearly delineated precisely when American armed forces are *not* engaged in open hostilities.

In the same article, by analyzing the gigantic growth in output during the war and the maintenance of this high level of production since the war, together with the huge accumulation of capital, we have really provided the key data underlying the economic basis of the Permanent War Economy. Its essential features can be seen by examining the entire period since 1939, remembering that never before in the history of the United States have expenditures for war or "national defense" purposes in peacetime exceeded one or one and one-half per cent of total output. In other words, prior to the advent of the

Permanent War Economy the end-purpose of economic activity, other than in wartime, was to satisfy consumers' wants through the production and distribution of commodities that yielded a profit or other form of surplus value to the capitalist. War outlays were so negligible in peacetime that they could be ignored in any analysis of the economy for they had no real measureable impact.

During the century and more of the development of modern capitalism, since the first industrial crisis of 1825, the capitalist sought his profit in the marketplace through the production of consumer goods and services. Some capitalists, of course, made a profit through the production of means of production (fixed capital) but such machinery was intended for the use of other capitalists who, in turn, would employ the machines to produce consumer commodities more profitably than could otherwise be done. This was the typical *modus operandi* of capitalism up to and into the period of its decline, except in wartime, until the beginning of the Permanent War Economy. It governed all phases of the business cycle.

To be sure, relatively small standing armies and navies were accepted. Even in European countries that practised conscription, however, these armed forces were distinguished by their smallness. With only a handful of exceptions, the bourgeoisie did not look to government war orders or "defense contracts" as an important source of business or profit. When a war came, it was universally regarded as an interruption of normal activity, even if it yielded imperialist profits

and markets. When a war ended, it was the bourgeoisie who took the lead in resuming production of peacetime commodities and who, for the most part, resented any governmental attempt to maintain a larger armed force than had previously existed in peacetime. While war was normal in the sense that it occurred every so often, and was an acceptable instrument of national policy, it was abnormal in that large expenditures for war purposes in peacetime were not socially acceptable and that morally war and war outlays were to be avoided if at all possible.

THE DOMINANT CHARACTERISTIC of the Permanent War Economy is that war output becomes a legitimate end-purpose of economic activity. This development and its basic significance were analyzed by Walter J. Oakes in an article in the February, 1944,

issue of *Politics*, entitled "Toward a Permanent War Economy?" Oakes' definition remains perfectly valid to this day: "A war economy . . . is not determined by the expenditure of a given percentage of a nation's resources and productive energies for military purposes. This determines only the *kind* of war economy—good, bad, or indifferent from the point of view of efficiency in war-making. The question of amount, however, is obviously relevant. At all times, there are *some* expenditures for war or 'national defense.' How much must the government spend for such purposes before we can say a war economy exists? In general terms, the problem can be answered as follows: *a war economy exists whenever the government's expenditures for war (or 'national defense')* become a legitimate and significant end-purpose of economic activity. The degree of war expenditures

required before such activities become *significant* obviously varies with the size and composition of the national income and the stock of accumulated capital. Nevertheless, the problem is capable of theoretical analysis and statistical measurement." (Italics in original.)

We shall return to Oakes, both his contributions and his mistakes. We now have, however, a large body of factual data from 1939 to 1950. We can also project our data through 1953 with a fair amount of accuracy on the basis of what is currently known regarding Washington's plans. Only one major assumption is required; namely, that large-scale global hostilities involving the armed forces of the United States will not take place before 1954. We shall then have a period of fifteen years to analyze. With the rapid movement of history in the twentieth century this is sufficient to isolate the major features of the Permanent War Economy, to discover its basic laws of motion and to propose what now appear to be proper strategy and tactics for the independent socialist movement.

It is clear that we must begin with the relationship between war outlays and total output. As a first step, we can take the government's official figures for "national defense and related activities" as a percentage of gross national product, net national product and national income. These data for 1939-1953 are shown in Table A.

The use of either gross national product, net national product, or national income as a measure of total output does not alter the basic relationships or trends involved. The definition of war outlays, and therefore the choice of series selected, is, however, of some significance. Inasmuch as it is desirable to use official govern-

ment figures wherever possible, without distorting the picture that emerges, we have selected the series called "national defense and related activities" as our measure of direct war outlays. We could have used the Federal war component of gross national product, as estimated by the National Income Division of the Department of Commerce. Aside from the fact that Commerce has not published the breakdown between Federal war and non war purchases since 1946, this latter series, although based on Treasury classifications of expenditures, runs at a somewhat lower level than the former, apparently being more closely confined to the heart of war expenditures as represented by the Department of Defense.

Under the Commerce concept, for example, the peak of war outlays in 1944 is \$88,615,000,000 against the \$90,888,000,000 shown in the table. While this is a difference of more than \$2 billion, the percentage of resources devoted to direct war output at the peak of the war effort is only reduced from 42.5 per cent to 41.5 per cent of gross national product or, in the case of net national product, from 45 per cent to 43.9 per cent. A shift of one or two percentage points in the ratio of war output to total production is of little consequence to our analysis and well within the margin of error in all the estimates. Both series, moreover, possess almost identical trend lines except for the year 1941 where, inexplicably, the Commerce series is one billion dollars higher than the Treasury series. This discrepancy may be due to arithmetical error or, more probably, to different procedures in allocating war expenditures by years.

At any rate, as explained in the 1949 statistical supplement to the *Sur-*

**TABLE A: RELATIONSHIP OF WAR OUTLAYS TO TOTAL OUTPUT, 1939-1953**  
(Dollar Figures in Millions)

Year	Gross National Product (1)	Net National Product (2)	National Income (3)	War Outlays (4)	Col.(4) As % of Col.(1) (5)	Col.(4) As % of Col.(2) (6)	Col.(4) As % of Col.(3) (7)
1939	\$91,339	\$83,238	\$72,532	\$1,356	1.5%	1.6%	1.9%
1940	101,443	93,003	81,347	2,772	2.7	3.0	3.4
1941	126,417	117,123	103,834	12,708	10.1	10.9	12.2
1942	161,551	151,570	137,119	50,892	31.5	33.6	37.1
1943	194,338	183,658	169,686	83,172	42.8	45.3	49.0
1944	213,688	201,801	183,838	90,888	42.5	45.0	49.4
1945	215,210	202,800	182,691	78,756	36.6	38.8	43.1
1946	211,110	198,947	180,286	24,087	11.4	12.1	13.4
1947	233,264	218,419	198,688	14,541	6.2	6.7	7.3
1948	259,071	241,676	223,466	11,201	4.3	4.6	5.0
1949	255,578	236,806	216,831	12,847	5.0	5.4	5.9
1950*	278,000	257,000	234,000	15,922	5.7	6.2	6.8
1951*	300,240	279,359	251,550	40,095	13.4	14.4	15.9
1952*	315,252	293,327	263,373	46,920	14.9	16.0	17.8
1953*	321,557	299,194	268,377	54,285	16.9	18.1	20.2

\*Data for 1950-1953 are estimated, as explained in the text; 1950 national income and product data are based on Department of Commerce figures for the first half of the year, with 1950 war outlays based on expenditures for "national defense and related activities" as reported by the Treasury Department for the first eight months of the year.



vey of Current Business, "expenditures for 'national defense and related activities' currently include those of the Departments of the Air Force, the Army, and the Navy; payments under Armed Forces Leave Act; expenditures of the U. S. Maritime Commission, UNRRA, surplus property disposal agencies, and the Reconstruction Finance Corporation (after July 1, 1947, expenditures of RFC for national defense and related activities were not segregated from other expenditures of the Corporation and its affiliates, which are included under 'other' expenditures)." Conceptually, this appears to represent a fairly good measure of direct war outlays and is, in any case, the best available. It permits a relatively accurate analysis of the impact of direct war outlays on the economy.

WAR OUTLAYS, AS THUS DEFINED, were projected for the last four months of 1950 and for 1951-1953 on a fairly crude basis, in the absence of any detailed public information on military requirements and related programs. The method used was to assume an armed forces manpower trend from the latest published figures, including such information as is available on the draft, and the announced goal of reaching an armed force of three million by mid-1951. A "salary" ratio for average military personnel was then developed on the basis of published data for military wages and salaries, which assumes only a very modest increase from 1949 to 1953 in the cost of maintaining average military personnel. While this factor is subject to some margin of error, it is necessarily small. A more serious difficulty was encountered in the second step of the projection, which was to develop an "equipment" ratio to relate total expenditures of

the Department of Defense to total military wage and salary payments. Here the assumption of increasing fire power and mechanization, although based on past experience, is essentially arbitrary. To compensate for any possible overstatement inherent in the method, or for any lag in military procurement, the projection excludes any attempt to forecast the trend in the "related activities" portion of our war outlays series. Expenditures for direct war outlays of \$40.1 billion in 1951, \$46.9 billion in 1952 and \$54.3 billion in 1953 were obtained, as can be seen from column (4) in the table on "Relationship of War Outlays to Total Output." These results conform rather closely to the guarded public statements of leading officials in the Department of Defense. If anything, our figures appear to be on the conservative side.\*

The projections of the total output measures, gross national product, net national product and national income, were based on fairly straightforward extrapolations of existing trends. Allowance was made for increasing indirect business tax liabilities, thus accounting for the somewhat smaller rate of increase in national income as compared with national product, both gross and net. With the exception of 1951, when it is assumed that many defense plants idle since the end of the war will be reactivated, constant rates of capital consumption have been assumed. Virtually identical trends in both gross and net national product thus result. It should be kept in mind that the method employed makes rather full allowance for rising prices in 1950, but only partially anticipates the in-

\*Editor's Note: The President's budget message recommends an expenditure of \$41.4 billion for military services during the coming fiscal year, corresponding rather closely to the author's forecasts.

flation that is bound to occur in 1951 and makes virtually no allowance for rising prices in 1952 and 1953. This, however, is entirely consistent with the method used to project war outlays, which likewise largely ignored the effects of inflation on military salaries and procurement, thereby permitting fairly accurate measurement of the relationships involved.

It is recognized that more accurate results would be obtained if the relationship between war outlays and total output were expressed in constant rather than in current dollars, for it may be safely assumed that price rises in the war sector *during a major war* outstrip price rises in the civilian sector. It should be emphasized, however, that this would be noticeable in columns (5), (6) and (7) only for the years 1942-1945. Inasmuch as the difference would not be significant (at the peak of the war effort in 1943-1944, war outlays would still take at least 40 per cent of gross national product in real terms as compared with 42.8 per cent or 42.5 per cent) and the statistical measure could only be the crudest sort of approximation, we accordingly sacrifice theoretical to practical considerations and make no attempt to express our data in constant dollars.

In view of the fact that war outlays are gross (that is, they make no allowance for the consumption of capital in the war sector), it may be wondered why the relationship between war outlays and total output is not confined exclusively to gross national product. In theory, this would indubitably be a sounder procedure. In practice, however, this would tend to understate the impact of war and the Permanent War Economy, for the definition of war outlays is relatively narrow and restricted. It is confined ex-

clusively to the Federal government, and hardly covers all direct war-induced outlays in this sphere. It omits all private expenditures that may directly or indirectly result from war or war preparations.

If, for example, we posit an economy in which war and war preparations are non-existent, think of all the expenditures in the private sector that would be abandoned, thereby freeing these resources for the satisfaction of consumer wants. Included would be such matters as all private expenditures for civil defense, an unknown percentage of the output of the chemical, aviation and other industries that is not financed by the government, an unknown percentage of various aspects of privately-financed research, and without question a significant portion of the outlay for all forms of transportation. Moreover, the consumption of capital in the war sector is relatively small compared with the civilian sector. In view of all these considerations, not to mention certain conceptual and statistical limitations in the measurement of gross national product, we are of the opinion that the relationship between war outlays and net national product, as shown in column (6), is the best single measure available of the impact of direct war preparations and production and that the range of probable error in the estimates is adequately shown by columns (5) and (7).

WHILE TOTAL REAL OUTPUT ROSE steadily during the war, with relatively minor fluctuations since the end of the war, it will now be further increased until by 1953 production will approximate the peak achieved during the last war. Meanwhile, war outlays rose much faster than total output during World War II, thereby reflecting both the increase in total

output and the shift of resources from civilian to war production. In percentage terms, the 1.6 per cent of total output devoted to war outlays in 1939 represents, insignificant as it may be, an extremely high level for a peacetime year before the development of the Permanent War Economy. The economy of the United States was for the last time to lag behind the rest of the capitalist world in conforming to the requirements of the Permanent War Economy. By 1940, with three per cent of production devoted to war purposes, American imperialism began in rather hesitating fashion, while war was engulfing the world, to develop its own war economy. With war outlays taking about 11 per cent of total output in 1941, the percentage then rose more than fourfold to about 45 per cent in 1943-1944 as American imperialism crushed the challenge of German and Japanese imperialisms, aided of course by the Allies.

There then occurred a sharp decline, until Korea, in the ratio of war outlays to total output. It is most significant, however, that the decrease in war outlays or in the ratio between war outlays and total output did not approach the low levels of 1939 or even of 1940. Here is the first real evidence of the change ushered in by the Permanent War Economy. Even at their low point in 1948, direct war outlays of more than \$11 billion, representing almost 5 per cent of total output, are hardly insignificant. They will now rise sharply, although not as rapidly as during World War II. Nevertheless, there will immediately be a threefold rise in direct war outlays and, by 1952-1953, a threefold increase in the ratio of war outlays to total output.

We are, so to speak, in a situation comparable to 1941. This does not

mean that 1942 has to follow immediately. On the contrary, as already explained, there is every reason to believe that all-out shooting war will not take place for several years. It does mean, however, that war expenditures have indeed become both a *legitimate* and *significant* end-purpose of economic activity. As a consequence, economic theory (both bourgeois and Marxist) will have to be modified in several important respects. Consider, for example, the following statement of Simon Kuznets, the outstanding pioneer in the field of national income in the United States, in his book, "National Product in Wartime," published in 1945: "In conclusion, we stress the dependence of the concept and the estimates upon the definition of the purpose of economic activity. National product cannot be measured for the years of a major war as it is in peacetime because the customary long-run assumptions concerning the goals of economic activity are not basic."

It is precisely the goals of economic activity that the Permanent War Economy has changed. *Sizable outlays for "defense" are now normal and socially acceptable.* It may even be suspected that these war outlays play an important role in sustaining a generally high level of economic activity. This appears to be clear when the ratio of war outlays to total output exceeds 10 per cent but what about the period from 1947-1950 when the percentage hovered around five and six per cent? Direct war outlays may have been below the "critical" point in these years, but the picture is considerably altered when indirect war outlays are included in our analysis.

ASIDE FROM THE EXPENDITURES of the Department of Defense and the

**TABLE B: DIRECT AND INDIRECT WAR OUTLAYS, 1939-1953 AND THEIR RELATIONSHIP TO TOTAL OUTPUT**

(Dollar Figures in Billions)

Year	Net National Product* (1)	WAR OUTLAYS			Col. (2)	Col. (4)
		Direct* (2)	Indirect (3)	Total (4)	As % of Col. (1)* (5)	As % of Col. (1) (6)
1939	\$83.2	\$1.4	\$0.6	\$2.0	1.6%	2.4%
1940	93.0	2.8	0.8	3.6	3.0	3.9
1941	117.1	12.7	1.2	13.9	10.9	11.9
1942	151.6	50.9	0.9	51.8	33.6	34.2
1943	183.7	83.2	0.9	84.1	45.3	45.8
1944	201.8	90.9	1.3	92.2	45.0	45.7
1945	202.8	78.8	4.0	82.8	38.8	40.8
1946	198.9	24.1	9.5	33.6	12.1	16.9
1947	218.4	14.5	15.4	29.9	6.7	13.7
1948	241.7	11.2	12.4	23.6	4.6	9.8
1949	236.8	12.8	12.2	25.0	5.4	10.6
1950 est.	257.0	15.9	12.0	27.9	6.2	10.9
1951 est.	279.4	40.1	15.9	56.0	14.4	20.0
1952 est.	293.3	46.9	15.0	61.9	16.0	21.1
1953 est.	299.2	54.3	16.2	70.5	18.1	23.6

\*Taken from Table A.

relatively minor additional outlays included in the series on "national defense and related activities," our measure of direct war outlays, there are a whole host of programs in which the Federal government is engaged that stem directly or indirectly from previous wars or are an integral part of American imperialism's preparations for World War III. These fall into two broad categories: foreign economic and military aid, whose essential purpose is to obtain allies and markets for American imperialism; and certain domestic programs, such as all the expenditures of the Veterans Administration, that are imposed on the national state as the only feasible method of carrying them out. While some of these expenditures, although from different motives and with different results, would have to be incurred by a workers' state, they are clearly a product of the Permanent War Economy. Failure to include them in our analysis would distort

the entire nature and impact of the new stage in the history of capitalism.

Indirect war outlays are really a new phenomenon in the sense that they first become sizable in the post-World War II period, as can be seen from Table B, which also permits a comparison of the relative importance of direct and indirect war outlays and an analysis of their combined impact on total output.

Our estimates of indirect war outlays have been built up by analyzing in detail each program that it appeared proper to include in our classification and by projecting those programs that appear reasonably certain to continue on as conservative and realistic a basis as possible. If anything, our figures understate the true magnitude of indirect war outlays. In keeping with our entire approach, only government programs have been considered. The exclusion of all indirect private war outlays leaves out such febrile activities as building of atomic

bomb shelters and preservation of records in bomb-proof vaults, to mention only the obvious. Then, we have made only token allowance for state and local government expenditures for civil defense and related matters. Moreover, we have failed to identify all the Federal programs that should be included under the classification, "indirect war outlays." For example, no attempt has been made to include RFC loans for "defense" purposes, which have been excluded since July 1, 1947 from direct war outlays. In addition, propaganda activities of the Federal government, such as the "Voice of America," are excluded from our figures, but are clearly part and parcel of war preparations, at least in large measure.

Our projections of the major programs comprising indirect war outlays have assumed that the Republican gains in Congress will be reflected in a more careful scrutiny of all such expenditures, although no fundamental change in policy is anticipated. Dollar-wise, the most important program is represented by the Veterans Administration, which reached a peak of \$7.1 billion in 1947 and remained at \$6.8 billion during 1948 and 1949. Although current expenditures of the Veterans Administration are running at the rate of \$6 billion annually, we have reduced this item to \$5 billion in 1951 and only subsequently do we project a modest increase in view of the expanding size of the armed forces.

With regard to the so-called Mutual Defense Assistance Program, which covers all forms of military aid to Atlantic Pact nations, Greece, Turkey, etc., it is difficult to see how this can be less than the \$5 billion projected in 1952 and 1953. If any serious attempt is made to contain Stalinist

imperialism in Asia, this type of expenditure may be expected to increase markedly above present insignificant levels. Despite the Gray report, our projections for the Marshall Plan, Point Four and Export-Import bank loans have been extremely modest. They total \$2.7 billion in 1951, \$2 billion in 1952 and only \$1.5 billion in 1953. In the case of the Point Four program, for which the Gray report recommends an annual expenditure of 500 million dollars, our peak projection reaches only \$200 million. All remaining foreign aid programs are inconsequential in magnitude. Our analysis remains unaffected even if they were to be completely eliminated, but such cannot be the case since they include Korean aid and other programs that will be operated mainly through the United Nations.

Because a portion of the data was obtained on a fiscal year basis, there may be certain adjustments required in the allocations by calendar year, but these are unlikely to be serious. The only place where there is any possible overstatement of indirect war outlays is in our assignment of total expenditures by the Atomic Energy Commission to this category. There is no basis, however, for allocating any portion of such activities to civilian output and the safest procedure seemed to be to assign total appropriations, as reported in the Federal Budget, to indirect war outlays. The fact that AEC procurement now carries a "D. O." priority rating indicates that the government considers this program an integral part of the "defense" program.

We have deliberately omitted inclusion of net interest on the national debt, now running well over \$5 billion a year, from our concept of war outlays because the Department of

Commerce in its basic revision of 1947 eliminated such payments from the national income and product. It may well be that government interest payments "do not represent currently produced goods and services or the current use of economic resources," as Commerce contends, although even this would be true only when the government is operating at a deficit which exceeds total net interest payments on the national debt. We find most unconvincing, however, the statement in the July 1947 *National Income Supplement to Survey of Current Business* that "it seems sensible that a comparison of the prewar and postwar volume of production should not be distorted by the continuing interest on the national debt that arose during the war." On the contrary, the rise in the national debt and the enormous interest burden thereby created are basic characteristics of the Permanent War Economy and should be considered in any analysis of production or its distribution. While this is particularly true of the relationship between war outlays and total output, we refrain from making the adjustment in order to avoid any theoretical controversies, but we feel that this omission is an added reason for believing that our ratios of war output to total production are conservative.

THE RISE OF INDIRECT WAR OUTLAYS in the postwar period to a point where five per cent or more of total output is siphoned off by the government programs included under this concept is one of the basic characteristics of the Permanent War Economy. For American imperialism this represents an indefinite and apparently permanent burden. As the table shows, in the years 1947-1950 inclusive, indirect war outlays were virtually as important as direct war out-

lays (with the former totaling \$52 billion for the four-year period and the latter \$54.4 billion. As a result, total war outlays even at their postwar nadir in 1948 amounted to \$23.6 billion and took about 10 per cent of total output.

Naturally, the projected rise in indirect war outlays is dwarfed by comparison with the anticipated increase in direct war outlays. In fact, it is the precipitate growth in direct war outlays that imposes such a careful screening of, and relative curtailment in, indirect war outlays, for there is a limit to the economic strength of American imperialism.

Total war outlays, as shown in column (4), and their ratio to total output, as shown in column (6) of the above table, become the key instruments of analysis. It is only when these figures are examined that the true character of the Permanent War Economy emerges. Enormous production and enormous waste go hand-in-hand. They are both cause and effect of the huge volume of capital accumulation described in the previous article. We showed that total private gross capital formation averaged \$39 billion annually in the five postwar years from 1946 to 1950 inclusive. During the same period, total war outlays averaged \$28 billion a year. Imagine what would have happened to capital accumulation and to production if war outlays had returned to the negligible level of 1939 or before! In one sentence, the prophets of postwar depression would have been correct. By the same token, because of the inherent nature of capitalist production, total output could not be entirely devoted to civilian purposes without rapidly glutting the market and ushering in the previously typical capitalist crisis.

A corollary and yet basic feature of the Permanent War Economy is both the size and nature of state intervention in the economy, as revealed by the magnitude of total war outlays. Federal budgets of \$40 billion and more become a permanent feature of the new stage of capitalism, with war outlays, direct and indirect, taking the bulk of Federal expenditures. This role of the "balancing" expenditures by the state was anticipated by Oakes, and we shall return to it in a subsequent article.

The peaks and valleys in the proportion of total output devoted to paying for wars, past, present and future, are not quite so extreme in variation once indirect war outlays have been added to direct war outlays. Nevertheless, the changes are rapid and qualitative in nature, which is another characteristic of the Permanent War Economy stage of capitalism. The figures suggest that about 10 per cent of total output must be spent in the form of war outlays before the latter become significant in their impact. This is quite reminiscent of the 10 per cent export level that characterized American imperialism prior to 1929. Its significance is comparable and for essentially the same reason. In those former days, without exporting 10 per cent of its output, the profitability of the remaining 90 per cent of the output of American capitalism that went to the domestic market would have been jeopardized. Similarly, today, without 10 per cent of its output going to war outlays, the profitability of civilian output would be endangered. We shall likewise elaborate on this point at another time.

What is most important for the development of the class struggle is what happens as the percentage of total war

outlays to total output declines from 45 per cent to 10 per cent and then rises again to 20 per cent and more. Let us not forget that the ratio of war outlays to total output has become the prime mover of the economy! As the ratio rises above 10 per cent, production controls become necessary. The capitalist market loses its effectiveness as an allocator of resources. At or about the 20 per cent level, judging from past experience, the inflationary and class pressures become intolerable and distribution controls (rationing and price control) have to be instituted. At the 30 per cent level or thereabouts, large-scale war has already broken out and manpower controls are invoked to the extent the bourgeoisie considers feasible. At the 40 per cent level or above, total war has engulfed society and precious little remains of the normal functioning of capitalism.

BEFORE CONSIDERING THE PRACTICAL consequences of the Permanent War Economy, it is helpful to examine its theoretical foundations.

Under the heading "The Problem of Unpaid Labor," Oakes analyzed the basic contradiction of capitalist society and showed why the "'balancing' expenditures on the part of government must take the form of war outlays rather than public works." This, in essence, provides the theoretical foundation of the Permanent War Economy, and we summarize what he wrote on this subject. "The root of all economic difficulties in a class society," states Oakes, "lies in the fact that the ruling class appropriates (in accordance with the particular laws of motion of the given society) a portion of the labor expended by the working class or classes in the form of unpaid labor. The expropriation of this surplus labor presents its

own set of problems; generally, however, they do not become crucial for the ruling class until the point is reached where it is necessary to pile up accumulations of unpaid labor. When these accumulations in turn beget new accumulations, then the stage of 'primitive accumulation' . . . ceases and the stability of the society is threatened."

In other words, it is the accumulation of capital that at bottom endangers the rule of the capitalists. Oakes continues: "The ruling class is impaled on the horns of a most serious dilemma: to allow these growing and mature accumulations to enter into economic circulation means to undermine the very foundations of existing society (in modern terms, depression); to reduce or eliminate these expanding accumulations of unpaid labor requires the ruling class or sections of it to commit *hara-kiri* (in modern terms, the capitalist must cease being a capitalist or enter into bankruptcy). The latter solution is like asking capitalists to accept a 3 per cent rate of profit, because if they make 6 or 10 per cent they . . . destroy the economic equilibrium. This is too perturbing a prospect; consequently, society as a whole must suffer the fate of economic disequilibrium *unless the ruling class can bring its State to intervene in such a manner as to resolve this basic dilemma.*" (Italics in original.)

Oakes then discusses the necessity for state intervention to immobilize *excess* accumulations of unpaid labor and how this problem was solved in Ancient Egypt by pyramid-building and in feudal times by the building of elaborate monasteries and shrines. "Capitalist society," he points out, "has had its own pyramids. These ostentatious expenditures, however,

have failed to keep pace with the accumulation of capital. In recent times, the best examples have been the public works program of the New Deal and the road building program of Nazi Germany. Both have been accomplished through what is termed 'deficit financing.' That is, the state has borrowed capital (accumulated surplus labor for which there is no opportunity for profitable private investment) and consumed it by employing a portion of the unemployed millions, thus achieving a rough but temporarily workable equilibrium.

"While the Roosevelt and Hitler prewar 'recovery' programs had much in common, there is an important difference. The latter was clearly a military program. . . . In the United States, only a minor portion of the W. P. A. and P. W. A. programs possessed potential military usefulness. Consequently, as such expenditures increased, the opposition of the capitalist class rose. . . . The more money the state spent, the more these expenditures circumscribed and limited the opportunity for profitable private investment. The New Deal was dead before the war; the war merely resuscitated its political expression and was, in reality, an historical necessity.

"War expenditures accomplish the same purpose as public works, but in a manner that is decidedly more effective and more acceptable (from the capitalist point of view). In this, capitalism is again borrowing from the techniques employed by the more static class societies of slavery and feudalism. War outlays, in fact, have become the modern substitute for pyramids. They do not compete with private industry and they easily permit the employment of all those whom it is considered necessary to employ. True, this type of consump-

tion (waste) of surplus labor brings with it a series of difficult political and economic problems. These, however, appear to be solvable; in any case, they can be *postponed*."

Thus, the continued preservation of the capitalist mode of production, a system that has long outlived its historical usefulness, demands ever-increasing state intervention which must take the form of the Permanent War Economy. We need not concern ourselves with the many rationalizations whereby increasing war outlays are justified and accepted socially by all classes, although it is worth noting that it is the propaganda of the bourgeoisie that penetrates all social layers and it is the bourgeoisie which decides what proportion war outlays shall be of total output. The Permanent War Economy, however, is a form of capitalism. The process of converting unpaid or surplus labor into surplus value, of which profits are but one form, still continues. Above all, capital is still accumulated and, as previously, it is the size, composition and rate of capital accumulation that provides the basic laws of motion of capitalism.

These laws, which were thoroughly analyzed by Marx, have been altered by the development of the Permanent War Economy, some quantitatively and some qualitatively. As Oakes puts it. "The Marxian general law of capitalist accumulation may, for convenience, be expressed as two laws; namely, the inevitable tendencies toward the polarization of classes and the increase in unemployment. Today, however, this analysis no longer holds good without certain modifications." We do not entirely share Oakes' conclusion concerning the slowing up of the rate of class polarization, but there is little doubt

that he was correct in forecasting the relative elimination of unemployment.

"THE GREATER THE SOCIAL WEALTH, the functioning capital, the extent and energy of its growth, and, therefore, also the absolute mass of the proletariat and the productiveness of its labor," said Marx in "Capital" (Kerr edition, Volume I, p. 707), "the greater is the industrial reserve-army. The same causes which develop the expansive power of capital, develop also the labor-power at its disposal. The relative mass of the industrial reserve-army increases therefore with the potential energy of wealth. But the greater this reserve-army in proportion to the active labor-army, the greater is the mass of a consolidated surplus-population, whose misery is in inverse ratio to its torment of labor. The more extensive, finally, the lazarus-layers of the working class, and the industrial reserve-army, the greater is official pauperism. *This is the absolute general law of capitalist accumulation.*"

Without entering into all its rami-

**TABLE C: UNEMPLOYMENT, 1939-1950**  
(In Thousands)

Year	Annual Average Unemployment
1939	9,480
1940	8,120
1941	5,560
1942	2,660
1943	1,070
1944	670
1945	1,040
1946	2,270
1947	2,142
1948	2,064
1949	3,395
1950*	3,100

\*Estimated on the basis of data for the first nine months of the year.

fications, the decisive point for Marx was that as capitalism evolved, capital constantly accumulated and brought with it an increase in unemployment. Naturally, Marx was well aware that his statement had to be modified in many ways, especially in relation to the fluctuations of the business cycle. Yet, prior to the Permanent War Economy, this fundamental of Marxism was perhaps the most impressive characteristic of capitalism. That it no longer holds true may be seen by referring to the official figures on unemployment. (Table C)

The data on unemployment are compiled by the Bureau of the Census and include those fourteen years of age and over who are either looking for work or are on public emergency work projects. This official measure of unemployment refers to the non-institutional population and is based on a sample of 25,000 households in 68 areas. As such, it is admittedly subject to a wide margin of error, with the maximum difference between actual and estimated unemployment calculated at 18 per cent. While the series may not properly evaluate the level of unemployment, and actually conceals the millions of changes that occur monthly from the status of employed to unemployed or vice versa, as well as the changes into and out of the labor force, there is little doubt that it reflects the trend in unemployment.

In 1939 there were on the average almost 9,500,000 unemployed. This is typical of the decade of the 1930's, for the peak year of unemployment was in 1933 when the average was 12,830,000. As the ratio of war outlays to total output increased, unemployment declined until in 1944 it fell to an average of 670,000. This is even below the so-called minimum "fric-

tional" level of unemployment, representing those who are merely in process of changing from one job to another, which is usually placed at one million persons at a minimum. Then, as the ratio of war outlays to total output began to decline, unemployment increased until in 1949 it averaged almost 3,400,000. For the first half of 1950, unemployment averaged almost 3,900,000. With hostilities beginning in Korea came an increase in war outlays. Immediately, unemployment began to drop and by September was about two million. We may expect that in 1951 unemployment will average about one and one-half million and in 1952 and 1953, for all practical purposes, unemployment will be non-existent.

Thus, a 20 per cent ratio of war outlays to total output will now have the same effect on unemployment as a 40 per cent ratio had during the war. The reason is, of course, that the present increase in war outlays starts with the economy operating virtually at capacity. In other words, there is a close relationship between a high level of production and low unemployment, but the relationship is even closer in the case of the ratio of war outlays to total output, for war expenditures are the prime mover in bringing about capacity or near capacity production. Consider that at the peak of its pre-Permanent War Economy prosperity, in 1929, there was an average of 1,550,000 unemployed and one can readily see the tremendous impact of the Permanent War Economy on American capitalism!

The negligible character of unemployment under the Permanent War Economy, which is vital to the maintenance of a stable and safe economic equilibrium for the bourgeoisie, be-

**TABLE D: RATIO OF UNEMPLOYMENT TO TOTAL LABOR FORCE, 1939-1950**  
(In Thousands)

Year	Civilian Employment	Total Civilian Labor Force*	Total Labor Force, incl. Armed Forces	Ratio of Unemployment to Total Labor Force, incl. Armed Forces
1939	45,750	55,230	55,600	17.1%
1940	47,520	55,640	56,030	14.5
1941	50,350	55,910	57,380	9.7
1942	53,750	56,410	60,230	4.4
1943	54,470	55,540	64,410	1.7
1944	53,960	54,630	65,890	1.0
1945	52,820	53,860	65,140	1.6
1946	55,250	57,520	60,820	3.7
1947	58,027	60,168	61,608	3.5
1948	59,378	61,442	62,748	3.3
1949	58,710	62,105	63,571	5.3
1950†	60,300	63,400	64,900	4.8

\*Includes unemployment as shown in the previous table.

†Estimated on the basis of data for the first nine months of the year.

comes even more apparent when we compare the level of unemployment with the size of the total labor force, as is done in Table D.

The volume of unemployment has particular relevance when related to the total labor force, for with the growth in population there are on the average several hundred thousand persons each year who seek employment as new entrants into the labor force. According to Marx, the greater the size of the proletariat, the greater the industrial reserve army. While pressures still operate in this direction, they are overcome (even if our figures were restricted to factory employment) by the ability of the Permanent War Economy to find "employment" for millions in the armed forces and in munitions industries. For example, in 1944 about 22,400,000 persons on the average were employed as workers in munitions industries, civilian employees in Federal war agencies and members of the armed forces. More than one-third of the total labor force at the peak of the war was thus

completely unproductive in providing consumer goods and services.

The 32 per cent rise in civilian employment in a little more than a decade of the Permanent War Economy furnishes dramatic proof of the impact of war outlays on the productive capacity of the economy. The size of the armed forces (derived by subtracting the total civilian labor force from the total labor force, including the armed forces) naturally follows very closely the movement of war outlays and is further evidence of the highly volatile nature of the Permanent War Economy. Some question may be raised concerning the propriety of measuring the "unemployment ratio" in terms of the total labor force, including the armed forces, rather than by comparison with the total civilian labor force. The resulting pattern, however, would not be fundamentally different and the relatively large size of the armed forces is one of the basic characteristics of the Permanent War Economy.

More than one person in every six

was unemployed in 1939 against one in every four in 1933. The limited and precarious character of the recovery under the New Deal is thus apparent. The unemployment ratio then declined from 17.1 per cent in 1939 to the fantastically low figure of one per cent in 1944. This compares with an unemployment ratio of 3.1 per cent in 1929. Even with the curtailment of war outlays following 1944, the unemployment ratio does not become much greater than in 1929. We can now expect a further sharp decline in the unemployment ratio to 2.5 per cent in 1951, 1.5 per cent in 1952 and less than one per cent in 1953. No wonder Washington is reported to be considering the drafting of women if and when the plunge is made to conscript all manpower!

THE BASIC CHARACTERISTICS of the Permanent War Economy are the permanence of the sizable level of war outlays, which have become a legitimate expression of growing state intervention in the economy, and the high rates of capital accumulation and production accompanied by insignificant levels of unemployment. If there were no other consequences, aside from the danger of mortal defeat in battle, it might be assumed that the capitalist system had acquired a new lease on life. While it is true, as Lenin was fond of stressing, that "there is no absolutely hopeless situation for the bourgeoisie," thereby implying the necessity of the conscious intervention of the proletariat in leading mankind on the road toward the socialist emancipation of society, the development of the Permanent War Economy does give rise to new problems, and aggravates old problems, that continually threaten to undermine the foundations of cap-

italism. We shall comment briefly on the more important differences from "normal" capitalist operation and, in subsequent articles, develop at some length those aspects of the Permanent War Economy that are of particular significance to the working class.

1. *Standards of living decline.* To quote Oakes: "If the Permanent War Economy succeeds in stabilizing the economy at a high level, unemployment will be eliminated, but only through employment in lines that are economically unproductive. Thus capitalist accumulation instead of bringing about an increase in unemployment, will have as its major consequence a decline in the standard of living. (Italics in original.) . . . At first, of course, there may be a rise in the average standard of living if [there is an increase in real national income] and if, simultaneously, there is a sharp reduction in total military outlays [from the wartime peak]. . . . Within a relatively short period, however, assuming that the economy is stabilized at the desired level with a minimum of unproductive governmental expenditures, the maintenance of economic equilibrium will require a steadily rising curve of military outlays. The decline in the average standard of living of the workers, at first relative, will then become absolute—particularly on a world scale as all nations adapt their internal economies to conform with the requirements of the new order based on an international Permanent War Economy. Naturally, the decline will not be a descending straight line; it will have its ups and downs, but the long-term trend will definitely be downward."

It follows, of course, that with the economy operating at capacity an increase in war output requires a corresponding decrease in civilian out-

put. Therefore, the average standard of living must decline, but the burden of declining standards of living will be disproportionately heavy on the low-income groups, especially the working class.

2. *State intervention increases.* The market mechanism cannot be relied upon to allocate resources in accordance with the new, dual end-purposes of economic activity. Accordingly, to meet the requirements of the war sector and ultimately of the civilian sector, more and more state controls are imposed upon the body economic. There is a permanent growth in the state bureaucracy, with the state, in effect, guaranteeing the profits of the bourgeoisie. Both profits and production remain at very high levels, as does employment. In this connection Oakes made his most serious mistake, as he apparently did not fully take into account the implications of his own theory and therefore understated future levels of both production and employment.

3. *Capital accumulates rapidly.* Not only do private capital accumulations remain at extremely high levels, but state capital accumulations increase with the growth in the ratio of war outlays to total output. The large demand for capital rapidly exhausts the supplies of idle capital and an overall shortage of capital develops. Accordingly, normal pressures to increase the rate of surplus value are reinforced by the insatiable appetite of the state to dispose of the fruits of past and present labor. Through increased taxation and related fiscal policies, the state consumes a relatively larger portion of total output. The natural tendency toward a declining standard of living is therefore accelerated.

4. *Bonapartist tendencies develop.* The proletariat increases in size both

absolutely and relatively to the growth in the working population. The greater economic strength of the American proletariat is in sharp contrast to the weakness of its political strength, and the danger of the class struggle erupting and seriously interfering with the ability of the state to carry out all the individual programs that add up to the Permanent War Economy is ever present. At the same time, the bourgeoisie increasingly penetrates the organs of the state. On both counts, it therefore becomes necessary for the state to give the appearance of being "above classes" and to "freeze" the class struggle in the role of "impartial" umpire. The growing executive power of the state and the interlocking directorates between big business and the higher military echelons will ultimately spell the doom of bourgeois democracy.

5. *Military-economic imperialism grows.* Increasingly, the state must finance and guarantee international trade and investments. Exports of private finance capital, hitherto the traditional mode of operation of "democratic" imperialism, steadily diminish in importance despite all efforts to revive them. The American state enters permanently into the foreign economic field through various types of "relief and rehabilitation" programs. These programs, in turn, are subordinated to military aid as American imperialism seeks to overcome its relative deficiency in manpower by seeking allies in the struggle to contain and eventually to eliminate Stalinist imperialism. The nationalist revolutions of colonial areas, especially in Asia, present virtually an insoluble problem for American imperialism and are compelled by the desire to survive to move in the direction of third campism.

6. *Inflation is irresistible.* The

greater the percentage of war outlays to total output, the greater the inflationary pressure on the economy. This general law of the Permanent War Economy operates at all stages, but becomes more apparent when the economy is running at full capacity. Anti-inflationary techniques cannot halt the inflation, which arises from the relative excess of consumer spending power in comparison with the available supply of consumer goods and services, but can only slow it down and modify its class impact. The major battles of the class struggle, in fact, will arise over the question of who shall pay for the increase in war outlays and which class shall bear the major burden of inflation.

The Permanent-War Economy, in brief, offers no hope of solving the basic problems of humanity. It represents a further stage on the road to barbarism and is the inevitable price the world proletariat must pay for its failure to put an end to both capitalism and Stalinism. It does, however, exist and only fools and demagogues will base their politics on the assumption that nothing has changed. We must find ways and means of coping with the problems of living under the Permanent War Economy or resign ourselves to defending the slaves of totalitarianism and ultimately to the atomization of most of organized society.

November 1950 T. N. VANCE

## Some Notes on the War Issue

### Propositions Put Forward for Discussion

A correct position on the "War Question" has always been of the utmost significance for any socialist organization. It is unnecessary to emphasize this. The discussion in our press (in *Labor Action*—Ed.) is proof of how close this most complex of all problems lies to the heart of every socialist. More important, it indicates how false it is to take it for granted that Marxism has solved this question once and forever, or that a routine presentation of traditional ideas suffices to answer the dissatisfied. This I believe, holds true for both the so-called "pro- and anti-war" advocates. The issue of the correct socialist position on war is with us and will remain with us for a long time to come. In one of the finest Marxist works on the war question—Trotsky's famous set of theses entitled *War and the Fourth International*—the author

states that the first prerequisite for a successful struggle against the war is ". . . the correct understanding of all the conditions of imperialist war and of all the political processes that accompany it. Woe to that party which confines itself in this burning question to general phrases and abstract slogans! The bloody events will crash over its head and smash it." (pg. 30)

As is often the case, a fundamental discussion began around a comparatively isolated war situation which, however, directly or indirectly posed all the important elements needed to derive a correct position. Whether the Korean war is concluded by America's act of isolating and crushing the Korean Stalinists, or whether the Korean war leads to similar wars which finally congeal into the dreaded World War III, we can already visualize with sufficient clarity the basic

political and social issues at stake regarding which Marxism must attain clarity and work out an effective program. It is highly doubtful if this clarity and program exists today. The discussion in our press reveals a certain dissatisfaction which has important origins and cannot simply be dismissed as traditional social patriotic deviations. In part, the special features of the Korean episode which have made it particularly difficult for socialists to propose a "positive" program may account for this dissatisfaction. But the principal "special feature"—the complete absence of any independent, non-Stalinist or non-American labor or socialist movement within Korea—is hardly unique to that country. It is characteristic of the entire world. If Korea occupies the same preliminary world war role that Spain did before World War II, one has but to compare the Marxist program and analysis developed during these two events to see the difference. Perhaps a more important characteristic of the general dissatisfaction we have mentioned is inherent in the position itself, *i.e.*, the question and doubt as to whether it is a position based upon reality or utopianism; whether its analysis is correct and concrete and whether it offers a perspective. Far from fearing such questioning and criticism, Marxism should welcome it. The socialist position on war has a long history and evolution; it must prove itself over and over again. Our political convictions must be renewed and tested in open controversy with our critics, particularly those who feel that while revolutionary socialists may hold one position publicly and "officially," they have quite another position secretly and "personally."

TO BEGIN WITH, THERE HAS BEEN AN

amazing lack of concrete analysis of both the war question and the "international situation." From the time that Marx analyzed in detail the foreign policy and diplomacy of Lord Palmerston and the Crimean War, and offered his advice to the effect that proletarian strategy and tactics demanded first hand knowledge of international intrigue and devilry, the socialist movement has always devoted a considerable attention to such matters. In our press today we find little or no analysis of the myriad of factors, certain of which have definite influence upon both the tempo and nature of the war events, which complicate the world scene. The divided policies of American imperialism, for example, which cause a split behaviour in all American activities between the ultra-reactionary elements of the bourgeoisie (represented by Republicanism in politics and MacArthurism in military matters) and the liberal-imperialist wing of the bourgeoisie (represented by the Truman wing of the Democratic Party and the new Acheson-Marshall combine in military affairs)—neither the nature nor consequences of this division have been analyzed. The foreign policy of the Soviet rulers has been completely ignored, nor has much attention been paid to the various possibilities in which the war may present itself both to America or to socialists. For example, are we correct in assuming the quick overrunning of Western Europe by Stalin in case of war; or does the possibility of a "neutral" Western Europe, a truce between the Kremlin and the bourgeoisie of France, England etc. exist? Have the unstable relations between Stalinist Russia and Stalinist China an influence whose importance we have missed? Has the Russian strategy of isolating America on an international

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scale any chance of success? These are some of the questions largely ignored by us. By contrast, we note how the pamphlet of Trotsky on the war question begins with an elaborate and concrete outlining of the international situation, and the possible lines of development, at the moment of the pamphlet's publication. While it is not the purpose of this discussion article to undertake that task, we believe it is a necessity.

The revolutionary socialist attitude toward imperialist war has more often than not been grossly misunderstood (by proponent and enemy alike), or over-simplified by such false formulations as "neutrality," or "indifference" or an "equating of both sides." We note that this same kind of treatment is rather widespread in the present discussion, particularly in the ranks of those who propose a reversal of our opposition to the war.

The essence of a socialist opposition to imperialist war is founded upon its "dialectic attitude," in the words of Trotsky, to the relationship between war and revolution. (See Trotsky's development of this position in *War and the Fourth International*). The validity of the whole position hinges on the realizability and possibility of a "growth of the revolutionary movement." This is what differentiates the socialist position on war from a position of "defeatism" and all other positions. To justify a continuation of this position at the present time, with required modifications that we shall suggest, is equivalent to defending the socialist perspective and the continuation of a revolutionary movement. But this justification cannot rest upon a purely theoretical base; it must be concrete and responsive to the realities of the given situation. Put other-

wise, there must be an examination of those different circumstances in which the problem of war and revolutionary perspective is posed now by contrast with the past.

SOME OF THESE DIFFERENCES ARE obvious and have often been noted—the division of the world into two blocs dominated by two great powers each of which, within its own bloc, is so powerful as to allow for little freedom of action or movement on the part of those nations enclosed in the bloc; the emergence of Russian Stalinism, and other Stalinist nations such as China, as full-fledged imperialist nations, properly understood, with programs of conquest; and, most important of all, the recognized absence, except for uninfluential grouplets, of an independent revolutionary and socialist movement steering its own course between the two blocs. There are other differences, but these are the most important to recognize.

Now, certain conclusions follow from this. First of all, our traditional definition of war in the capitalist world as being a "struggle for a re-division of the world" is not quite accurate. Not only because, by our own definition, a war between the American and Russian blocs will be principally a *social* war between two different forms of society, but also because the issue is one of complete control, not "re-division" of the world! The Wallace scheme for redividing the world between the two powers proved Utopian because "one world" is the real stake. In passing, we might note that this is what gives this potential war its essentially reactionary and imperialist stamp.

Secondly, the political and revolutionary struggle against Stalinism (defined by us as a new social form, anti-capitalist and anti-socialist) de-

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mands a different strategy than in past wars or war situation where, generally speaking, the anti-war struggle unrolled against capitalist society or one of its forms. The nature and "quality" of the enemy (Stalinism) presents us with a different situation from, let us say, that created by masses of workers and peasants organized in the opposing capitalist armies of the past.

Finally, and bearing in mind the suggested relationship between the war question and a revolutionary perspective, we must ask ourselves the concrete meaning of the admitted absence of any real "Third Camp" forces, unless we wish to make of this concept of an independent socialist force a threadbare fetish whose existence or non-existence has no bearing on our concrete tactics and strategy. We are suggesting that, actually speaking, the discussion of respective positions on the war question is simply another form of discussing the problem of how to revive and rebuild a socialist movement.

Unfortunately, much of the discussion—pro-war, anti-war—which has appeared in our press fails to consider either the changed situation, or the concrete situation. Comrade Shachtman's article (*Labor Action*, 9-4-1950), excepted, one has the impression of re-reading an old polemic dating from World War I. On the one hand, we find the most illogical use of outworn analogies which neglect the fact that one cannot deduce a position from an analogy, but only use it for the purpose of supporting a position already presented. Furthermore, the only value of an analogy—such as the famous Franco-Prussian War etc.—is if it has significant elements in common with the existing situation. But all those who propose a position of political support in the event of

war insist upon the "uniqueness" of the present situation which, they say, compels a change in a hitherto correct position! On the other hand, those who reject this political capitulation to the American camp—and I certainly agree with this stand—have not been particularly convincing, particularly in their efforts to fulfill that basic requirement of a Marxist position—the gap between the analytical, theoretical motivation and the actual, concrete perspective of the position proposed.

In part, this is due to a failure to grasp the essential fact that we now live under permanent "warlike" conditions, in which society and social life are shaped for "warlike" purposes. That is, a socialist group no longer faces the circumstances of 1914, let us say, where imperialist war was not a tactic or strategy of bourgeois society, but rather a gigantic and qualitative reversal of normal social life and could, therefore, be opposed by socialists more in the realm of theory, abstraction, principle etc. than in the realm of daily life. This was the natural day of a Jaurès, a Debs etc., but it has gone. A struggle over the issue of war today is an organic part of our common strategy and tactics, rather than a programmatic or "principled" issue. If we agree that the two great nations today (and tomorrow) exist primarily for the purpose of waging war on each other, in a thousand different ways, than we must also agree that socialists must accept this as their framework of existence, and attempt to develop their activity in accordance with this totally new situation. To those who hold the view that there is nothing else to do but support America, it is of little value to prove conclusively what they already acknowledge, nay, propose: that this means an end of the socialist

movement, or what remains of it. What it is necessary to prove is that the revolutionary socialist movement not only justifies its existence (and not in the sense of historic abstractions, but in terms of our concrete problems), but that given a certain course of action and activity, it has a future and perspective! Let us try to make this more specific.

TO ACCOMPLISH THIS TASK, it is necessary to repose the problem of war and the revolutionary socialist movement in new terms. This requires the abnegation of our past terminology and formulations. Those formulas, slogans etc. of the capitalist-imperialist war epoch have not the same sense for us today, either orientation or practical value. They only serve to confuse our thought, and demagogically arm our opponents. But in abandoning this manner of posing the problem we are required to substitute another approach. We suggest the following tentative propositions:

(1) For the international socialist movement to live, progress and succeed, defeat of the world-wide Stalinist movement is an absolute requirement. As socialists, we are unconditional opponents of both national Stalinism, in its imperialist Russian form, and the international Stalinist movement which seeks to create a Stalinist world. This is the starting point of our thought and action.

(2) Just as fundamental to us as the struggle against Stalinism is the question of how, by whom and by what methods this struggle shall be led. It is on this issue that we separate ourselves from all other opponents of Stalinism, who do not recognize the existence of both a "reactionary" and a "progressive" form of combating Stalinism. We are concerned with a lasting, durable victory over Stalin-

ism which goes beyond the dubious scope of a military victory. By no means is a military struggle against Stalinism (Russia) excluded, under the conditions of the subordination of such a military struggle to a progressive political and social program. Our opposition to the position of the "pro-Americans" is not that they propose a purely military program against Russia (such a program cannot exist), but that this is in combination with a *reactionary* political and social program (that of American imperialism).

(3) For, under the conditions of today, a war between America and Russia can only be evaluated as a reactionary war, waged by both or either side for its own version of "one world" rule. Given the social, political and economic nature of both regimes, their respective programs and aims, this war could not be understood in any other sense, regardless of local or momentary issues such as that of Korea. It is possible to conceive of a defensist position in such a hypothetical circumstance, as for example: A course and development of the war, in which Russian imperialism should succeed in *isolating* America from the world during the war itself by administering a series of defeats whose consequence would be a transformation of America's role to one of a struggle for national survival and independence. Linked with this, to be sure, is the not-at-all excluded possibility that the American bourgeoisie, in its conduct of the war, may prove to be defeatist in reality; *i.e.*, incapable of winning because of its manner of conducting the war.

I repeat that these are only hypothetical projections, but they are worth bearing in mind precisely because they illustrate a rejection of that demagogic claim of our oppon-

ents that we are "indifferent" to the fate of our country. On the contrary, it is our concern which refuses to let us place this fate in the hands of our bourgeoisie, and which must oblige us to have a flexible policy, guided by a concrete analysis of the actual circumstances and the "direction" of events.

The above propositions, representing at best a starting point for us, are largely negative in character, except for the first proposition which I have deliberately placed first. They explain why we reject political support to the present war; that we are neither "indifferent" nor "neutral" to the fate of our nation or other nations; that we have no confidence in our regime, etc. But is there another side to this position; is there a perspective? And what of the specific problem of those nations which are, more or less reluctantly, involved in one or the other bloc? What of Western Europe, or England, toward whose labor government we have a sympathetic and friendly attitude?

IT IS HERE THAT WE ARE OBLIGED to return to the basic thought of Trotsky concerning the relationship between a socialist policy on the war question and the growth of the revolutionary movement. Or, to put the problem more truthfully, the revival and recreation of a socialist movement! In our opinion, there is not the slightest contradiction between an opposition to the war on the broadest base conceivable, and the continuation of the fight to reestablish the socialist movement in terms of a renewed ideology, theory, strategy and tactics. In these terms, the participation and activity of socialists in any and all shades of progressive and democratic movements, which find their justifica-

tion in the desire to defend or extend the existing democratic base of society, is the concrete and specific manner in which socialist opposition to war must express itself today. This means, among other things, that the real test of a socialist today is *not* so much his support of a pro- or anti-war position, but his willingness to support and assist any democratic, progressive tendency or current, no matter how slight or insignificant. But can we not be more specific about this "struggle for democracy"? Is it merely a question of daily, more or less indicated tasks?

It is that, and more. Obviously, this kind of a struggle must offer a perspective. If, for example, we can no longer oppose the rearmament of the British Labor Government on the old basis (and no one will contend that this rearmament is motivated by purposes of imperialist "reconquest" or profits, we assume), but must base our opposition to rearmament on the solid political ground that this is *not* the way to save England, that it can only lead to both military illusions and eventual disaster, we must at the same time offer a larger concept, related to our actual world and not simply the abstraction of "building socialism." We would propose to call this a program for a popular victory over international Stalinism, based upon the activity of masses organized in their democratic institutions. In England, for example, this means a struggle for the deepening and extending of what has already been achieved by the existing government and not a retreat in the name of rearmament requirements. In other countries, the solid political core of the program for victory over Stalinism is the work to bring together and unify those scattered socialist forces which exist, with a broadening out of this activity by

participation in those forms of democratic life that exist.

It may well be objected, isn't this simply saying continue the struggle for socialism? Partly, yes, but it is placing this struggle within a new framework which we have already outlined. Furthermore, reality compels us to recognize unfortunately that there is little possibility of either halting the present disastrous rush toward war, or the war itself. Political and social life will then be expressed exclusively in terms of the conduct of the war and all problems related to it. Needless to say, it will be a long, complex

and bitter struggle, filled with surprises and the unexpected. It is impossible to foresee what nuances and re-formulations in our political program will be required to achieve a popular, democratic, socialist victory over world Stalinism. But one thing is clear: a socialist position toward the war question is anything but a position of abstention from the social atmosphere which the war breeds. Issue by issue and detail by detail, we shall have to work out our way for bringing a lasting and progressive termination to the war.

November 1950 HENRY JUDD

## The Liberal in the United States

*Offering a Point of View on Socialist Attitude*

*(Concluded from last issue)*

Several recent volumes by liberal ideologists have more or less blue-printed their desired political world. Arthur Schlesinger Jr. (whose "Vital Center" is, with all possible criticisms, one of the more able presentations of the administrative liberal position) is aware of the dangers of administrative rule, but offers no noticeable plan for alleviation. Irwin Ross' "Strategy for Liberals" offers the hope that bureaucrats will be reeducated to become "liberal administrators."

As advocates of administrative action in politics, and as people with a long heritage of political frustration, administrative liberals have also become adherents of *success* in political behaviour, which has often made them negate the role that criticism has usually had in the liberal ideal. Some have even been willing to turn a sympathetic ear to Stalinism because of Russian "successes," including, surprisingly for a "liberal," those gained on the battlefield. FDR is considered

a greater man than Wilson, because the former had more "practical" political achievements. Theodore Roosevelt looms as a larger historical symbol than Bob LaFollette because he was an "achieving" president and got more votes as a third party candidate. Schlesinger finds much praise for successful machine politicians, little but patronizing derision for those who exposed the Robber Barons, morally criticized the U. S. side in the Mexican War, or took the Oxford Oath during the Thirties. Many liberals have gone out of their way to show their critics that they can be as "practical" as anyone.

As people strongly addicted to the idea of success, contemporary New Deal liberals are very reluctant to build a political organization outside the Democratic Party. Many are unhappy automatically supporting the political organization over which they now realize they have no substantial control now. But they do not want to try any alternative that may not be

immediately successful. In addition there is an uneasiness about building mass movements. Administrative action seems so much easier to keep in harness, especially with the possibility of Stalinist infiltration always around.

We trust we are not charged with overdoing either of these assertions. Some New Deal liberals would fervently like to build big movements outside the Democratic Party apparatus. They are overjoyed at whatever strength ADA has shown, and many, like Lerner, were glad that the last convention did not completely commit itself to the Democratic Party. In their own way, liberals tried a Washington mobilization for FEPC. These do desire that independence of movement which is in line with the liberal ideal.

But, there is a prevailing reluctance to favor the noisy, sweaty, turbulence of democratic mass movements. Even in the CIO, the greatest of all American popular mass organizations, smooth negotiations around the conference table and deals with the "right" people have become preferable to the "difficult" modes of operation of large-scale democratic initiative, administrative acts against Stalinists favored over the political caucus that destroyed the political capital of the Stalinists in the UAW. Smooth bureaucratic efficiency has become a deeply imbedded quality of the administrative liberal psyche.

SINCE THEY HAVE ACCEPTED THE administrative state and are not enthusiastic about building mass movements to control, oppose, or change it, they must find some other symbol for mass support of their ideology. The favorite device is the search for a "hero," as true of a Schlesinger as a Lerner. With adherence to administrative modes of operation and the

desire for success has gone an adulation of the great manipulators of political processes and political opinion. Schlesinger has a profound dread of such dangers in the modern world. But he never seems to realize that the frenzied worship by him and so many of his political co-thinkers of Franklin D. Roosevelt, even when he acted in violation of the liberal philosophic creed, is part of the same "escape from freedom."

Lerner has conveniently provided the perfect psychoanalytic imagery—the need for the all-protecting father-hero. However, at least FDR was a real hero for the liberals. They have also frantically tried to create synthetic substitutes. There is the case history of Henry Wallace. With a great penchant for rhetoric and one of the least impressive New Deal records among the New Deal officials, he became the New Deal liberals' darling as Vice-President. One day they woke up and discovered he had been captured by the Stalinists. (A few continued to go along with him even then.) He has again returned home, with no more political principles or great heroism than he had previously displayed. He is the liberals' baby, and most broke with him because he was striving to set up a political organization opposed to the Democratic Party and with little chance of success.

If their previous Wallace worship makes many New Deal liberals quiver today, how must they now feel about the behavior of some during the spring of 1948? Their potential ersatz hero then was General Eisenhower, a man without political affiliation or expressed political ideas at the time, who has since more clearly announced where he stands. The *New Republic* cachexia article found the greatest source of liberal delight in the activities of the liberal heroes in Congress,

rather than in the activities of liberal citizens as a group.

One of the oddest phases of New Deal liberal behavior has been the relationship to the Stalinists. (The open Social-Democrats have at least been more sophisticated on this score). It has been very similar to the Stalinist line itself, fluctuating with the current international line-up and with a very poor memory of the next previous position. Periods of comparative Russian-American harmony have encouraged, at least for a large section of New Deal liberals, joint movements in which criticism of Stalinists have been all but forbidden. Periods of Russian-American conflict have produced the most violent, often "illiberal" anti-Stalinism. The attitude toward Stalinists has been uncomfortably like the Stalinist attitude toward other political tendencies—either close organic collaboration or purge. Today, some of the closest collaborators with Stalinists a short time ago have become ready to use any means to combat them, including means that are outside the liberal creed.

The desire for success and the need to be close to the going administrative policies of "their" government have been the principal causes of the fluctuation of the attitudes of New Deal liberals toward the Stalinists; at present, it provides the rationale for administrative acts against Stalinists in non-governmental organizations. These tendencies have also, in combination with the growth of administrative powers, set the atmosphere for the Federal Government's loyalty program (and similar programs within smaller political subdivisions, schools, etc.) This is mostly a substitute for a political method of combating Stalinists, as well as anti-Stalinist political opponents, during the cold-war era.

Many liberals have become dis-

turbed by loyalty purges and their stimulation of kindred drives in other areas of American life (though they are so often willing to strive for the same end with different techniques in their own organizations). Not only do the methods appear to be that of bureaucracy *in extremis*, against which the liberal ideal is compelled at some point to rebel, but many of the people who are affected are their own political blood brothers. Organizations like the Americans for Democratic Action thus propose drastic democratizing reforms in the purge procedure, with the purpose of restricting them to the weeding out of potential spies in "sensitive" agencies. But, few liberals have associated the dangers of witchhunts either to the policies of their Democratic administration or to administrative liberalism itself. They become particularly elated when a Senator McCarthy reduces the whole idea to a mad absurdity and they can then center all their wrath on the "reactionaries."

With the acceptance of administrative modes of operation, a worship of success, a need for heroes, a reluctance about building mass movements, the characteristic New Deal liberal, is, despite continued verbal acceptance, and usually sincere avowal of the basic liberal philosophical ideal, pursuing a type of political behavior that runs smack up against it. That is the nature of his cachexia, his questioning his own strength despite all the favorable election returns. The inability to have desired congressional legislation enacted can be blamed on the "Republicrats," but it cannot be considered the cause of liberal "malnutrition and wasting of the body." It is the conflict between the fundamental creed and the immediate program that is at the bottom of current ill-feeling.

NEITHER THE LIBERAL IDEAL, nor the principle of gradual piece-meal changes, nor the variants of the original liberal political and economic program have prepared for the contemporary world. Economic power has grown concentrated, but not in the form of the trusts the muckrakers railed against. The financial and industrial empires, at least in this country, do not need to restrict competition or use shady practices to become even greater repositories of further capital accumulation. They grow almost automatically, with so much wealth already at their command. And whether business conditions permit, corporation officials become quite statesmanlike. The power of the state has concomitantly increased. New Deal liberals are generally satisfied at this development, for they feel it is a "democratic" state, besides moving toward a welfare type. However, as has been earlier described, the situation has been one of partnership, however many the disputes, between big business and big government. Many liberals are becoming apprehensive of some of the possibilities implicit in such a set-up.

But they have little idea of how to combat either powerful administrative government or gigantic capitalist combines. It is easy to denounce the wild allegations of a McCarthy, not so easy to criticize the findings of the FBI under Tom Clark's jurisdiction, even less easy when under the supervision of Howard McGrath. It was easy to attack General Motors when it was at its union-busting wildest, not so easy now that it has become a symbol of labor-management cooperation. It is much more easy to debunk a Hearst or a McCormick than a Henry Luce, whose publications often show some sympathy with the idea of a welfare state. The administrative liberals

are in danger of becoming prey for the "sophisticated conservatives" who edit "Fortune" and "Business Week."

Capitalism is being transformed, in the United States as elsewhere, into a system of bureaucratic economic structures collaborating, in varying ways, with administrative political structures. Schlesinger makes the growth of bureaucratic political-economic world the keynote of his book (adding much valid material about the "impersonality" of modern industrial life). He seems to note the symmetrical development of capitalism and Stalinist bureaucratic collectivism along such lines. But in his entire programmatic statement the awareness of this phenomenon is noted only in passing. His solutions are, apparently, a "mixed economy," which might be considered a combination of Crolyeanism and Brandeisism, and one or two paragraphs in favor of "voluntary associations" as a check on concentrated power. Irwin Ross is even less aware of the dangers of administrative liberalism, though he does have his hopes for liberalizing bureaucrats. His mixed system would watch big business to see that it was competitive enough. Presumably, competitive enterprises would permit a power balance. Other liberals, learning of the nature of existent administrative power, rush into a Burnhamite analysis of a new ruling managerial class, toward whom they either surrender, hope to convince to be less harsh, or believe they can curtail with their dreams of a diversified economy. The liberal ideal could be a means for fighting bureaucratization, but, so many of its apostles have become alternately junior partners and loyal critics of bureaucratized capitalism in this country, especially when there is a welfare state administration in Washington.

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those who are their principal political audience in the U. S. today is to indicate this conflict, to point out how bureaucratic administrative rule can be controlled, opposed, and substituted for—all in accord with such elements of basic philosophy as liberals and socialists hold in common. Unless there is a mass reawakening of the working class, or an immediate significant move toward independent political action based on the labor movement, there is little else that can be done in the mass political arena at present. And, neither of the above seems likely at the moment, especially since the Korean War pushed much of the tenor of political thinking further in the prevailing directions.

There have been several openings, however small, created for an appeal to liberals. One of the most encouraging signs in years was the refusal of the ADA convention to become too assimilated into the Democratic Party. The shock of, and resulting opposition to some of the Federal loyalty procedures and school loyalty oaths, however mild the active presentation of resentment, has at least been heartening.

A few immediate areas of appeal by socialists are available. First, and fairly obvious, is the continuing struggle to defend and extend civil liberties—the upholding of an important aspect of the liberal ideal against administrative and legislative usurpation. Secondly, at least one feature of European experiences can be used for the education of liberals. With the bureaucratic elements of British life today, the British do have one check which we do not have here—a mass, popular, democratic Labor Party. Whatever criticisms can be made of the Labor Party regime, besides upholding civil liberties much better than either of the major party organi-

zations here, it does have to answer directly to its popular party organization constituents, especially the trade unions. In contrast, the Democratic Party leadership need but have enough of a mass appeal to do better than its rivals on election day. The third, closely associated appeal, has been earlier indicated. The need for vigorous independent mass movements, as a check on existing powers and a rival power today, as well as a completely alternative power tomorrow, is a lesson that liberals have got to learn in practice over and over again, especially in the field where one would suppose such lessons are most unnecessary—the labor movement.

In the education process, this can all lead to the propaganda presentation of the image of a socialist society, with its dispersal of power, its popular democratic participation in decisions, its limitations on coercion. Here is the answer to the varying bureaucratic administrative rule of both contemporary capitalism and Stalinism. No Utopian blueprint is necessary. History has already given us enough historical examples to furnish at least the major shadings of the picture, particularly under the many situations of beginning or potential social change to a new social order—the early Russian and German Soviets, the Paris Commune, the dual power bodies of the Spanish Civil War, some of the elements of the national resistance movements during the last war. The common ground for socialists and American liberals can be summarized in a paraphrase of an idea of C. Wright Mills—socialism creates a society of the unalienated man envisioned by Jefferson and the plebian rule expounded by Jackson's adherents in a world of mass production.

WILLIAM BARTON

## BOOKS IN REVIEW

### Serge's Novel

THE CASE OF COMRADE TULAYEV,  
by Victor Serge. Doubleday, 306 pp.  
\$3.00.

The first thing that needs to be said, and perhaps the most important thing, is that Victor Serge's novel conveys atmospheric authenticity: he knows Russia, he knows Stalinism, he knows the revolutionary movement. This authenticity is not necessarily the result of Serge's long political experience, for it does not at all follow that because a man knows something intimately in life he can write about it satisfactorily in a book. The "reality" encountered in experience is not the "reality" achieved in literature: witness the fact that Henry James wrote a superb group-portrait of radicalism in "The Princess Casamassima" yet knew nothing at first-hand about the radical movements. In fact, it is interesting that of the three 19th century novelists who have given us the greatest political novels yet written—Dostoevsky, Conrad and James—only the Russian had any sort of political experience, and that in a brief traumatic brush with a utopian group. No greater testimony can be offered to the power of the imagination than the fact that Henry James, a conservative 19th century gentleman, could write more accurately and perceptively about radicals than John Dos Passos, who had come into close relations with the radical movement.

No, the authenticity of Serge's novel is an imaginative achievement. A journalist by instinct and training, he has intermittently taken the imaginative leap, the imaginative risk by asking himself: what is the interior experience of a Russian capitulator? what is the interior experience of a deposed bureaucrat? About half the time this leap is successfully completed.

The central trait of Serge's previous writing has been its romantic quality. He has produced a certain kind of loose journalism: the impressionistic memoir, the nostalgic reminiscence, the indignant pamphlet. His strength: a touching sort of warmth, a genuine humaneness, a

Jacobin fraternalism. His weakness: a "softness" of touch, a blurring of effects, an inclination to *schwärmerei*, a lack of discipline. These characteristic traits can all be found in "Comrade Tulayev," but what distinguishes the book is Serge's conscious effort to surmount his journalistic self and write like a genuine novelist. A rather mechanical division suggests itself: whenever he is writing narrative, filling in the background of his story by brief synoptic passages, he writes as a journalist while his scenes, in which the characters take over and replace his customary rhetoric, have the novelistic quality, not always successful but still the quality.

In a certain sense, the radical reader has especially to be on his guard while reading "Comrade Tulayev." The material is so close to us, the point of view so congenial, the pathos so unbearable (the pathos in life, prior to our reading) that we are emotionally defenseless against the entire impact of the book. Now I do not say that the point of view is wrong or the pathos unjustified; I say rather that the emotion which we bring to "Comrade Tulayev" or which it can elicit almost immediately by the very announcement of its subject is not yet, at least not necessarily the emotion which comes from a genuine esthetic experience. Let me offer a simple example of what I mean. During the Hitler period the most sleazy sloganized book or play about anti-Semitism could greatly stir a Jewish audience, the book or play serving as a button to release the anguish already present in the audience. But this was not the same thing as the anguish which might have been released *through* a genuine work of art on the same theme. Now, as it happens, "Comrade Tulayev" is a mixed affair: partly a fine novel, partly a second-hand pastiche of the conventional novel, and partly stirring journalism. Let us try to distinguish.

There are two superb scenes in "Comrade Tulayev," neither directly political yet both greatly tinged with political colors. In one of them the brilliant capitulator, Rublev, who expects momentarily to be arrested, arranges a meeting

with some of his old comrades in the woods. Three men, old veterans and comrades of the revolution, meet by stealth: they know their days are coming to an end. They discuss what can be done in desultory terms, they disagree, they quarrel a bit. So far it is a fairly routine, though effective scene. But now Serge shows a touch of genius. The spontaneous life-force of these men is stirred—stirred by the coldness and purity of the snow in the woods, by the warmth and pathos of this, probably their last meeting—and they begin . . . what? Not to talk about programs, politics, ideas; it is too late for that; they are doomed. *They begin throwing snowballs at each other* laughing like children, for an unbearably pathetic moment innocent and carefree and forgetful. "They leaped, laughed, sank into snow up to their waists, hid behind trees to make their ammunition and take aim before they let fly. Something of the nimbleness of their boyhood came back to them, they shouted joyous 'ughs,' shielded their faces with their elbows, gasped for breath. Wladek stood where he was, firmly planted, methodically making snowballs to catch Rublev from the flank, laughing until the tears came to his eyes, showering him with abuse: 'Take that you theoretician, you moralist, to hell with you,' and never once hitting him! . . ." This is the work of a real novelist: it is spontaneous, fresh; it tells us more about these men than any number of abstractions could; and yet it would be impossible without an intimate foreknowledge of their politics, impossible without a foreknowledge of the moral stature and quality of the Bolshevik old guard.

Now take as a contrary example a scene in which a young Trotskyist, Stefan Stern, "suddenly put his arm around her waist [his secretary], drew her close, and simply said: 'You'll stay with me, Annie? I get so bored at night.' . . . She looked at him out of the corner of her eyes, divided between annoyance and a sort of joy, wanted to answer him angrily: 'Go get yourself a whore, Stefan—like me to lend you ten pesettas?' . . ." etc, etc. Maybe some young Trotskyists—or young anything else—talk this way, but if so I have never met them, and hope I never shall. This sort of stagey dialogue is simply embarrassing. And there are plenty of other examples: A bureaucrat reprimands his wife, asking her if she

wants a divorce. "She said furiously: 'Yes.' And at the same time, more softly, her long eyelashes lowered: 'No.'" *Really!*

"Comrade Tulayev" is written in the conventional form of the European social novel, what might be called the revolving-stage or multiple-strand novel. A series of simultaneous actions are initiated, characters move in foreboding proximity or ironic dissonance and then *somehow* the several strands of action are brought together into climax. This is the sort of book prevalent in the late 19th and early 20th centuries, and not without reason: it assumes an essentially stable society, in which the matters most worth observation are the relations of conflicting groups and the gradations of social manners. Today this approach is almost unavoidably stale, if only because it ignores those indispensable revolutions in technique of the past several decades which were themselves the consequence of the break-down of modern society. The "slice of life" novel cannot cope with the vertiginous extremities of modern experience; it is too slow, too stately, too rationalistic; it is designed essentially to depict an orderly, competitive, many-leveled bourgeois world.

The multiple-strand novel is particularly inappropriate for a portrayal of modern Russian life, for no novelist could possibly know enough about the social gradations such a novel requires. And for Serge, not a trained novelist but a journalist writing a novel, it is a most dangerous form: it requires too much from him in terms of craft, particularly in transitional passages; it exposes him too greatly to the temptation to fill in the holes of his narrative with the putty of rhetoric. One consequence, therefore, is that the novel has an excessively schematic quality: each character is meant to *illustrate* a type and you get the famous "gallery of characters" about which middle-brow critics like to babble but which does not produce the kind of dramatic action or the moral presentment which is necessary for a first-rate novel.

A comparison with "Darkness at Noon" has a certain value here. In some respects, to be mentioned later, Serge's novel is quite superior to Koestler's, but precisely because of its cumbersome, cluttered form it is unable to achieve the

dramatic concentration of "Darkness at Noon." Koestler shrewdly realized his literary (if not his intellectual) limitations and narrowed the range of his book to one locale, one dominating character and one uninterrupted action, thus accumulating drive and power. Serge's novel, by comparison, is structurally diffuse.

Still, I should not like to give the impression that "Comrade Tulayev" is a failure; it has many successful things in it. There are qualities of observation and occasional novelistic achievements which are as good as anything done by the major European political novelists of this century, though not of the 19th century.

The two major achievements of the book are Serge's characterizations of Rublev the capitulator and Ryzhik the intransigent oppositionist. Viewed esthetically, Rublev is more convincingly done than his counterpart, Rubashov of "Darkness at Noon." Koestler drew his character primarily in terms of moral abstraction: Rubashov capitulates because of a faulty conception of morality, an inadequate understanding of the relation of means to ends, and his ratiocinations become a significant but dubious dimension of the book, a heavy load carried only by its swift action. As a projected human being, Rubashov is soon dissolved in the mental gymnastics Koestler assigns him. By comparison, Serge's Rublev is established with less didactic stringency, more humane tolerance: his reasoning is essentially the same as Rubashov's, though Serge is more gifted than Koestler at suggesting the particular inflections of an Old Bolshevik's thinking, but he exists as a man rather than a shadow of a writer's intellect. I cannot understand myself, however, why some reviewers counterpose Serge to Koestler in the portrayal of a capitulator, for Rublev thinks much like Rubashov, if less abstractly; both capitulate to Stalin on the false and somewhat incredible theory that it is necessary to subordinate opposition because of the threat of external capitalism. If it be replied that Serge is superior, not because Rublev is different from Rubashov, but because he also shows Old Bolsheviks who do not capitulate, then one has moved to the preposterous position of attacking a novelist for not having written about something. This may be a valid criterion for an encyclopedia, but not for a novel.

Serge is at his best in his portrait of Ryzhik, the old Trotskyist, and here he does not make any false steps, he does not romanticize at all. It is a brilliant stroke to show Rublev as, in a certain sense, more political, more intellectual than Ryzhik: the capitulator must engage in a far more ingenious set of mental processes than the oppositionist who stands firm and irrevocably committed. And Serge is also very shrewd to have Ryzhik not appear until almost half way in the novel; after all the bureaucratic filth and capitulationist feebleness, the shock of this old, grizzled veteran revolutionary is profoundly liberating. This is Serge's main achievement: he has shown what a real revolutionist is, an old rebel hard and strong and simple, not really an intellectual, but the best kind of militant. Ryzhik is, in a sense, beyond politics: he is in the more perilous arena of commitment. His way is clear to him: he lives faithful to the original passion of the revolution: he hardly cares whether anyone heeds him, whether he himself will live. When asked for a message to Moscow, he magnificently replies, "Write them that I shit on the bureaucratic revolution." When a Stalinist bureaucrat tries to pump him, he tells her, "Look at yourself in a mirror tonight—I am sure you will vomit. If it were possible to die of vomiting, you would die. . . ." This is a revolutionary hero, yet in no way overdrawn or fanciful: one can think immediately of some of the Old Bolsheviks who would fit Ryzhik's measure, some of the fighters who were with Trotsky during the Civil War.

Here, at last, Serge does not dissipate his passion in rhetoric, he realizes it in character. Ryzhik is the living tissue of revolutionary passion. Yet — there is something still better. As he is being brought back to Moscow for a confession he will not make, Ryzhik encounters in a cell another old man, Makarenko, also an oppositionist. They embrace in an ecstasy of excitement, talk for a while. What Ryzhik says is acutely disappointing, the old pap about "our state remains a factor of progress in the world because it constitutes an economic organism which is superior to the old capitalist states"—which sounds simply grotesque in a Stalinist prison. Makarenko listens, he has heard all this before; he agrees . . . yet . . . "Our meeting is extraordinary . . . An inconceivable piece of negli-

gence on the part of the services . . . We are living through an apocalypse of Socialism, Comrade Ryzhik . . . Why are you alive, why am I—I ask you! . . . I wish I might live for a century so that I could understand . . ."

"I understand," says Ryzhik.

"The Left theses, of course . . . I am a Marxist, too. But shut your eyes for a minute, listen to the earth, listen to your nerves . . ."

And then, later: "Ryzhik, I give you my word of honor that I shall never forget you . . . See here, you must try to get a few hours' sleep . . ."

An extraordinary meeting, two extraordinary men. Makarenko knows the theses; "on the whole" he agrees, but he hardly cares now, for what concerns him is the "earth," the "nerves," the living trembling quality of the life which he sees transcendent in Ryzhik.

Ryzhik is the personification of revolutionary passion; Makarenko transvalues it into something higher, revolutionary compassion. And these are the two great scenes of the book: the capitulators, brilliant dialecticians, throwing snowballs; the oppositionists, beyond formulae of politics, in the embrace of comradeship.

IRVING HOWE

## Pastepot History

VERDICT OF THREE DECADES, edited by *Julien Steinberg*. Duell, Sloan & Pearce. 634 pp. \$5.

"Verdict of Three Decades" has been hailed as a useful book by the reviewer of *The New York Times*, and it is indeed the ideal Straphanger's Manual on the Russian Revolution. Let it be conceded at the outset that a searching critic might find several negative comments to make about the work and its editor, Julien Steinberg. But even the most violently disposed critic, if there be such, must admire the determination and integrity of the young editor. In these days, when it is the easiest and most tempting task, business-wise and otherwise, to derive Stalin from Lenin and then to attack them both, it demands special endowments of character to be indifferent to appearances and come out with yet another such book. Bringing to bear his scholarly acquaintance with the files of the *New Leader*, Steinberg has

pasted together with introductions and comments writings from Rosa Luxemburg to Sidney Hook, inclusive, all designed to prove that the horrors of totalitarian Russia come from Lenin.

Having allocated credit where it is due, it remains to point out that as a work of scientific history, Steinberg's book has a genuine teratological interest. But as a book for the "man in the street," its "usefulness" is inversely proportional to its historical accuracy. It is a safe guess that it will do no damage to the "cold war." An instance of scientific history: Between pages 5 and 14, a subway rider can get a "Quick" picture of the overthrow of the Czar to the Bolshevik seizure of power in the time it takes to ride two local stops on a fast train. For as is well known, the revolution was by no means as complex as some might think. First there was the bad Czar. Then there was Kerensky whose government was the authentic and sole representative of the peasants and workers, as proved by a quotation from Kerensky, and then along came Lenin who wasn't even in Russia when the Czar was overthrown (he "crashed" the revolution, so to speak) and snatched the government away from Kerensky and the people.

There is an almost lyrical exposition of the wonders of the Kerensky regime. "The Czar had fallen! Freedom in Russia was no longer merely a slogan . . . The specter of Russian absolutism was no more. Free Russia had joined the free nations of the world." This continues with suitable quotations from Kerensky but in all the vast length and breadth of the nine pages on the Russian Revolution, there is not a mention, not a syllable, not even a disguised suggestion that the World War was then taking place, that the Russian people were fed up with the war and that Kerensky kept the country in the war with the "other free nations of the world"; not a hint in this exhaustive nine pages that the peasants wanted land and Kerensky didn't give it to them; that is, not a murmur on the two basic tasks of the first revolution: land and peace. It is not even that this matter is treated inadequately; it is merely ignored. Of course an editor has his problems, some things have to be included and some have to be left out. If he must include long quotations by Kerensky demonstrating the nobility of Kerensky, and if he must absolutely have a few

distilled quotations from Lenin demonstrating his villainy, why then such trifles as peace and land simply must be left out. In any case better not to confuse the subway rider and make him miss his station.

The theme of Steinberg's introductions and comments is that Stalinism flows from Leninism. Says Steinberg: "It is essential that this early period (after the seizure of power) be understood if the reader is to recognize the basic continuity—we do not say *identity*—between Lenin's Russia and Stalin's Russia." As is readily apparent, Steinberg has nothing if not the scholar's caution and scruple. He warns against the universal error that Stalin is Lenin (or vice versa) and that 1936 is really 1919. Having thus established his credentials for objectivity by annihilating the error of identification, he proceeds to prove by continued statement that they are not identical, one is only worse than the other.

In these days, when taking a whack at Leninism has become a career, the literary danger for the professionals is the trap of plain tedium. While Steinberg has of course availed himself of the trade service which provides as many quotations as are necessary for the job, it should be added that the urge for originality asserted itself in the form of a delightfully ingenious twist entirely his own.

Lenin, Steinberg says, had a "double political standard." He writes: "if one were to attempt to unearth in Lenin's writing and pronouncements objective criteria for judging the rightness and wrongness of specific kinds of action the task would soon be found to be impossible." Here indeed is a body blow against the old double-dyed villain. Lenin, the scoundrel, never worked out a rule of thumb for distinguishing right from wrong, good from evil. It is indeed intriguing to imagine Steinberg reading Shub's quotations from Lenin, the handy selected-works of Lenin and noting his despair at the lack of such a standard. Kerensky, of course, had one all worked out. Steinberg reminds one of nothing so much as the young man in "Major Barbara" whose only talent was his ability to tell right from wrong.

Steinberg's research among obscure volumes led him across Orwell's book "1984" in which the happy phrase "double-think" is applied to the totali-

tarian mentality. Steinberg, not loath to apply his wide reading to the matter at hand, rings in the phrase "double-think" and says "But Stalin is the chief user, not the inventor." Here is an archetype of Lenin's double-think principle: If war is waged by the exploiting class with the object of strengthening its class rule, such a war is a criminal war, and "defensism" in such a war is a base betrayal of socialism. If war is waged by the proletariat after it has conquered the bourgeoisie in its own country, and is waged with the object of strengthening and extending socialism, such a war is legitimate and "holy."

After this it is necessary to pause. This natural gem sparkles from all sides and should be left untouched for a decent period. Having recovered our sight, we note that Steinberg has been hasty in this novel contribution to anti-Leniniana. Presumably, Steinberg believes with pride and a fierce sense of integrity that he himself is a grade-A "single-think" man, to coin a phrase. But does not Steinberg believe that in a war between the U. S. and Russia, it would be "holy" to fight on the side of the U. S. and criminal to defend Russia? To paraphrase the "inventor" Lenin, does not Steinberg believe that if war is waged by the Stalinist ruling class with the object of strengthening its class rule, such a war is a criminal war and "defensism" in such a war is a base betrayal of democracy? If war is waged by the Western Democracy, after it has or while it is suppressing the Stalinists in their own countries, and is waged with the object of strengthening and extending democracy, is not such a war legitimate and "holy"?

"Verdict of Three Decades," compiled possibly in three weeks of casual browsing, contains more than the notes of Steinberg. The first section has selections from Luxemburg on the Russian Revolution (to quote Luxemburg *against* the revolution has become the reflex of the backsliders from socialism, a reflex so conditioned as to overlook her support to the Revolution and her own activities). The editor scrupulously collects the major articles against the revolution, with no evidence presented for the other side. Included, also, are the well-known portraits of Trotsky by Eastman, Lenin's Testament, Souvarine on Stalin and "What I Believe" by Stalin. The second

section has selections which describe the slave labor camps, the famine, the trials covering the "Second Decade." The third section contains the excellent essay by Peter Meyer on the "New Class Society" in Russia which appeared in *Politics* magazine, selections from Koestler, Dalin, Hook, Hilferding and others.

Finally, a comment on scholarship. In introducing the essay by Martov, "The Ideology of Sovietism," Steinberg says, "This selection is composed of excerpts from an article that originally appeared in the publication *Mysl* in Karkov, early in 1919." This would suggest that he had gone to the sources himself, a tidy bit of research. However, in very tiny print behind the title page, among a long list of acknowledgments to publishers, authors and magazines, he cites as the source of his selection the pamphlet "The State and the Socialist Revolution," translated and put out by "Integer." It is of course not as erudite but more proper to give the actual source in its proper place.

STAN GREY

## Apology for Privilege

UNIONS AND CAPITALISM, by Charles E. Lindblom. Yale University Press. 267 pp, \$3.75

The profession of labor leader has become almost as respectable as that of insurance salesman. High ranking union officials who once spoke to scornful men in their socialist youth formulate weighty arguments in defense of "free enterprise," adding to their stock of arguments as they rise in the labor hierarchy. Their testimony is heard by Congressional committees; their counsel sought on advisory boards of sub-investigating committees. Public officials listen with respect, solemnly nodding their heads. A fraternity of labor and capital seems solidly cemented in mutual tolerance and regard. Unions appear to have won a permanent place under capitalism; capitalism a loyal ally and advocate.

But a melancholy dissent comes from Yale Professor Charles E. Lindblom who insists, contrary to the apparent weight of evidence, that the maintenance of unions and the continued existence of capitalism are incompatible. Such is the sorrowful theme of his book, "Unions and

Capitalism"; sorrowful, because he admires capitalism but can discover no practical scheme for avoiding its destruction at the hands of unionism.

The author would quickly deny harboring preconceived prejudices. In a cautionary preface he assures us that he passes no judgment on inexorable social processes, that he treats social trends and class forces with the unemotional detachment of a scientist. Such objectivity is indeed a rare quality. Our normal scepticism sounds warning when we learn that he intends to demonstrate, on the basis of pure social science, that the pending doom of capitalism is read in the rapidly rising curve of wages. Powerful unions, he tells us, are forcing wages up to impossible heights. "This is the great labor problem of our time: unionism is destroying the competitive price system."

Does the disintegration of world capitalism (and its impact upon the American workingclass) cause the conservative American labor movement to lean toward an alternative philosophy and program. Or, does the rise of conservative mass unions in the United States cause the disintegration of capitalism? Lindblom advances the second, and tries, most painfully, to bolster it. He discovers the principal danger to capitalism in the rise of powerful unions which encourage the stubborn pursuit of narrow, self-seeking class aims by the workers, without regard for the interests of "society." (He uses the terms "society" and capitalism almost interchangeably.)

The whole book is flavored with a quaint one-sided "objectivity" as in some of the following random thoughts. *Item:* Unions disrupt and disorganize society. But, of course, capitalism does have defects. For example, labor is treated as a commodity. Yet it is more "propaganda" than fact to say that labor is a commodity under our present system. Our order is fundamentally and genuinely democratic because the consumer, "voting" in the market place with his dollar, dominates and rules production. Such is the essence of democracy. Still, it must be granted that some consumers have more dollars than others, even very many more. On the other hand, this is inevitable under any "incentive" economy. One might say that such inequalities are flaws in our dollar democracy. But, after all, society has declared by a majority vote to maintain such an incentive sys-

tem with all its inequalities and that is truly democratic. Besides, if unions took over control of production, as a scientific analysis discloses they tend to do, we would have an undemocratic rule of producers over consumers. But let us not be too harsh on unionism, for such is their natural tendency under our present form of society.

*Item:* His analysis spirals around one central pivot: high, "monopoly" wages undermine capitalism. Lindblom fans out this thought into 200 pages. Since every strike and every new union contract inspire the critics of labor unions to ring the changes on this theme, let us follow the author's special variation which goes somewhat as follows:

*Item:* Capitalism is a "competitive price" system. Consumers will pay only a limited price for goods. The cost of production of any commodity must be lower than its selling price; otherwise, no profits and no production. But wages enters as one of the elements in the cost of production; for wages is the cost of labor to the employer and he must buy it like any other commodity; the true level of wages is the "competitive" wage (1) permits profits to employers and reasonable prices to consumers, and (2) is established in the competitive market place, free from "monopoly" control by unions; once the competitive wage disappears, inflation and unemployment follow; capitalism begins to disintegrate. By insisting on a "human wage" and proclaiming "human rights before property rights," labor leaders reject the "competitive wage" and establish a "monopoly wage"; wages break loose from all moorings; workers wolf down a larger and larger share of production justly belonging to other sections of society; prices skyrocket, higher, higher, higher. Unions take wages completely out of competition by industry-wide bargaining and in agreement with management establish joint "syndicalist" control over separate industries, an alliance against the interests of society. So powerful are the unions that neither government nor management will block their way. Capitalism appears doomed.

"Now one may be quick to endorse the sentiment that people deserve more considerate treatment than things. . . . But this does not deny that labor is bought and sold on the market, that unionism through its power in collective bargain-

ing does establish what is technically called a monopoly and that union monopoly will disrupt the economy. To insist that labor is not a commodity is to bypass these issues and register simply a moral objection to the treatment of labor in a price system."

The author would soar above simple moral considerations to the summits of pure science but his economics is hopelessly bound to earth. Viewed with Lindblom's standpoint, every commodity has its production *cost* and selling *price*; cost must remain less than price to allow profit. The justification of the selling price of a given commodity can be sought only by comparing it with *its own cost of production*. If by such a comparison, its price is reasonable, then this price must enter as a necessary element in the cost of production of any other commodity to whose production it was essential, say, as raw material. For example, if the price of leather permitted repayment of its cost of production plus a reasonable profit, then this price would become a necessary and justifiable element in the cost of producing shoes. Obeying the rules of the game, we could hardly make "moral" demands upon the owner and producer of leather and insist that he sell his product at a price to guarantee profits to the shoe manufacturer. If leather sold at reasonable prices, according to these norms, only an emotional shoe manufacturer could attribute a decline of the shoe industry to an exorbitant price of leather. He is allowed to make such a complaint only if leather sells at a "monopoly" price far above its cost of production. But Lindblom requires labor to be far more generous, self-effacing, and obliging than a mere scrap of leather.

If we really abandoned all "normal" considerations in analyzing labor as a commodity, we would have to view it like all other commodities. If it is burdened with equal duties it should command equal rights. If it is obliged to sell at a certain "competitive price" it should be privileged to receive at least its cost of production. Lindblom, however, makes labor a second class commodity citizen: he discovers its selling price easily enough (wages) but no cost of production! An oversight which makes it possible to test wages not in terms of the cost of production of labor but exclusively in terms of the ability of employers to

make a profit. Every other commodity which violates the etiquette of commodity behavior is tried by a jury of its peers; labor, by its masters.

What is the "cost of production" of commodity labor power? This question, so carefully skirted by the author, can be answered only by examining the standard of living of the working class, a level set in the course of the class struggle, in decades of organization and social conflict. By waving aside this modest factor, a series of logical apologetics for exploitation and privilege can be readily arranged.

How can the existence of "monopoly wages" be detected? By some statistical device? If wages are tearing loose from all moorings and workers are cutting deeper and deeper into the national income, such trends should be easily demonstrated. We might still debate whether labor was "entitled" to its more generous portion but at least the facts would be incontestable. But Lindblom's deep confidence in his theory rescues him from any annoying preoccupation with facts. According to *New York Times* reports, Martin R. Gainsburgh, chief economist of the National Industrial Conference Board in an address before the New York Chamber of Commerce announced that labor's total share of the income originating in private corporate enterprise, after allowing for indirect payments, has remained relatively unchanged over recent decades. It amounted to \$73.80 out of every \$100 of such income in 1929 and \$73.40 in 1948.

Economist Seymour E. Harris compares "the rise of employee compensation of 180 per cent from 1929 to 1948 with that of business and professional incomes of 220 per cent." The People's Lobby Bulletin reports "In 1949, national income was 207 per cent larger than in 1939: compensation of employees was 197 per cent larger; proprietors' and rental income was 210 per cent larger, corporate profits after taxes 244 per cent larger, dividend payments 121 per cent larger and undistributed profits 633 per cent larger. In 1949, total employee compensation was only 63.7 per cent of national income and 66 per cent in 1939." Hardly a picture of labor hogging the national income.

But perhaps the inexorable trend toward monopoly wages and its devastating effects on our otherwise sound econ-

omy can be detected by some more reliable, if less statistical, examination. Lindblom warns us away from the search. "Monopoly rates will raise price and restrict output in an industry; but in any given case of price and output changes, no obvious evidence of union responsibility will be found. It will be known that both wage rate and price are high but whether the wage rate is a monopoly rate will not be known." Like God, monopoly wages seem to belong in the realm of the unknowable.

Chase as fast as he can, the working-man cannot overtake the upper classes. This simple thought is twisted into a supple apologetic for privilege; the great gulf between worker and non-worker, between opulence and mere humdrum existence becomes an inherent characteristic of any free, stable social system. "The worker is in fact insisting on no fixed goal at all. He is in effect demanding that he be put within reach of standards set by the middle and upper income groups. And as he moves toward them, they move away, for the constant rise in the national income raises the accomplishments and standards of the middle and higher income groups themselves." At bottom, Lindblom's quarrel with unionism stems from its assault not only on capitalist inequalities but against social inequality in general. And here lies the explanation of a queer ambivalence in his attitude toward labor leaders.

On gloomy first thought, he expects the worst. "The new leadership [Murray, Reuther] understands the complexities of the market place better than the old. It therefore realized how great the obstacles are to the achievement of union objectives without altering the market structure itself." And elsewhere he predicts, "The latter [these leaders] may come ultimately to confess publicly their desire to lead the way to a new order." But a faint ray of optimism flickers from an unexpected source, when Lindblom puzzles out a wistful program for preserving capitalism. On second thought, the union leadership alone seems able to exercise a moderating restraint upon the anti-social tendencies of unionism. If no one else can protect and preserve a privileged upper stratum against the rude pushing of the workers below, perhaps the labor leaders will. At least, such seems to be his hope.

The author documents the impinging



of unionism on the rights of management and the sprouting of a laborite anti-capitalist ideology at the core of the union's pro-capitalist philosophy. In this respect, his book is of great interest to socialists. But if we seek a scholarly explanation of social trends in the labor movement we do so in vain, discovering only a scholar's reaction and his literary revenge upon them. The effects of two world wars and preparations for a third, the impact of economic crises, the threat of mass unemployment, the rise of giant monopolies in industry, the trends toward authoritarianism and dictatorship, the intervention of the state in industry . . . all these tendencies, inherent in modern capitalism and inseparably associated with its threatened collapse and gradual disintegration are either lightly dismissed or completely ignored. Thus any examination of their effects in forming a new working class ideology is avoided. Such trivia may be ignored; for the author is convinced that the faithless desertion of capitalist principles by the unions is at the root of all difficulties. As her former courtiers abandon her in ugly senility, the doddering hag of capitalism is consoled by the thought that if her admirers had remained eternally loyal, her youth would have bloomed forever.

If we discount its pretensions to objectivity and its pseudo-scientific detachment and consider only its symptomatic significance, this book assumes real importance. Lindblom reveals a striking loss of faith in the ability of capitalism to reward its workers with an ever rising wage level and a rapidly improving standard of living. Once capitalism proudly boasted that it alone offered higher and higher pay; now comes the sad discovery that the struggle for fulfillment of yesterday's promises undermines the system itself. The author is compelled to throw overboard the theories of Selig Perlman which maintained that the working class and its unions were inherently

conservative; that its characteristic loyalty to the capitalist status-quo doomed the hopes of socialists who saw the labor movement as a powerful vehicle for social transformation. Lindblom proclaims, on the contrary, that the labor movement is revolutionary by nature. Despite its professed aims, its loyal intentions, and its own conservative cast of mind, the labor leadership is impelled along paths that lead away from capitalism and trespass on the sacred rights of private property. He is no socialist. He foresees the coming demise of capitalism with regret. Fascinated by the perquisites it allows its upper classes, he hopes finally and wistfully that some *modus vivendi* with the labor officialdom will permit their perpetuation.

Nor are our American union leaders socialists. They hold tightly to the coattails of bourgeois politicians; they fear the formation of a labor party; they are bureaucratic; they jealously guard their own lofty position, exalted way above their rank and file. The tragedy of our times lies not in a tendency of the existing unions to undermine capitalism but in the failure, thus far, of the labor movement to replace it with socialism. Meanwhile the internal chemical processes of capitalist degeneration corrode the bases of modern civilization. Socialism demands the conscious participation of millions of workers to end capitalism and replace it with social ownership of industry, to eradicate bureaucratism and permit the flowering of democracy in all phases of social life; it requires the end of a system where leisure, luxury, and culture become the privilege of a few and rest upon the toil and degradation of the peoples. Our labor movement is far, far away from such a program. But in his own queer way, Lindblom reminds us of the enormous revolutionary potentialities of the working class movement.

BEN HALL

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