

INTERNAL BULLETIN

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"SOME COMMENTS ON WAGES IN USA, 1947-48"

By David Miller, Chicago

For the past two years, the party has been faced with a highly unusual situation in the working class. The years ('47-'48) constitute a period of considerable class struggle, if one is to be guided by the statistics on strikes (a rough, but dangerously inadequate criterion).*(1)

<u>*(1) Year</u>	<u>*Number of Work Stoppages</u>	<u>*Number of Workers Involved</u>	<u>*Man-Days Idle</u>
1937	166	165	168
1943	131	176	51
1945	166	308	224
1946	174	408	684
1947	129	193	204
1948	112	182	215

*Index (1936-1939 equals 100)

Furthermore, it is commonly believed that this was also a period of falling standards of living, as measured by the fall in real wages.

But despite this apparent combination of factors traditionally favorable to the growth of the party, it lost a considerable percentage (circa 20%) of its membership in this period. (Presumably mostly recent recruits.) What's wrong? Are the facts in error? Has some vital factor been omitted?

A second problem is suggested by the statistics on strikes, (and this data is invariably surprising). For most observers thought they "sensed" a certain apathy, passivity in the working class in this period, and the reconciliation of the strike data and this sensitivity is not an easy task. (These two problems can be separated without doing violence to either. Indeed, the second is a far more tenuous and challengeable statement, but what follows in these notes is applicable to both problems, or to one, as one's own insight chooses.)

How unite into a comprehensible whole these discordant phenomena: high level of class struggle, fall in real wages, and a simultaneous fall in the strength of the SWP militants, as well as the relative quiescence of the working class (or even an integration of these first three facts)?

The present article is not directed at a rounded answer to this problem. But we do propose to introduce some evidence that we consider pertinent to the answer. We intend to demonstrate that, contrary to common opinion, the standard of living of the American workers has risen in the above period, i.e., one premise of the earlier problem will be negated. This being so, the facts, together with the influence of full employment can, if one chooses, clearly account in part for the fall in strength of the SWP as well as the passivity of the working class, tho the passivity still seems contradicted by the strike data.

But before proceeding further, let us make it explicit that the arguments and evidence presented here refer only as far as the end

of 1948. Obviously 1949 has introduced several new features, but even for those of us who are more optimistic surely a more accurate appreciation of the past two years must be of some value in understanding the present.

We shall compare the overall economic welfare picture for three years (1939, '45, '48) and the basis for their selection is apparent. 1939 was the last "pre-war" year; 1945 the last war year, and 1948 the peak peace-time year in our history. First, a brief comparison of the standards of living of 1939 and 1945, abstracting of course from the non-economic aspects of living standards in war-time.*(2)

*(2)

<u>Year</u>	<u>Cost of Living Index Price Level</u>	<u>Personal Income in Current Dollars</u>	<u>Personal Income in 1939 Dollars</u>
1939	100	72.6	72.6
1945	129	117.6	132.
1948	174	213.	121.7

<u>Year</u>	<u>Personal Savings in Current Dollars</u>	<u>Savings Divided by Personal Income</u>	<u>Consumption in Current Dollars</u>
1939	2.7	.037	67.5
1945	29.	.19	121.7
1948	12.	.065	178.5

<u>Year</u>	<u>Consumption in 1939 Dollars</u>	<u>Index of Consumption</u>	<u>Weekly Wages Current Dollars</u>
1939	67.5	100	27.2
1945	93.4	137	44.4
1948	151.	151	54.

<u>Year</u>	<u>Weekly Wages 1939 Dollars</u>	<u>Real Wage Index</u>
1939	27.2	100
1945	34.5	127
1948	31.	117

(All figures are in billion dollars.)

Between these two years, personal income, corrected for changes in price-levels, i.e., real income of the community rose some 68%. (We shall introduce a further correction in the admittedly weak Bureau of Labor statistics later.) Real wages per week, however, rose 27%. The difference between these two figures reflects essentially the rise in working population and rise in tax rate. Total consumption in this period rose 37% by 1945, the difference between this increase and the even greater rise in income being accounted for by the new taxes and the rise in the tendency to save from 3.7% of personal income in 1939 to 19% in 1945 (and 24% in 1944) from 2.7 billions to 29 billions.

The indications in a rise in the standard of living from 1939 to 1945 is hardly surprising; but the evidence for a continued trend in the same direction, though at a slower pace, in the period from 1945-48, receives a more wary acceptance, where it is not abruptly rejected, and for understandable reasons. But what are the facts in the matter?

In this latter period, personal income fell by some 8%, and real weekly wages fell similarly by some 10%. (When one considers that the average hours worked per week fell by a similar percentage, the hourly rate appears virtually unchanged in real terms over these three years.) However, the fall in real wages was accompanied this time by a rise in real consumption of some 9% (re: '45) and to 151 ('39 equals 100); instead of the expected fall. Such a situation is possible only if there is, technically, "dissaving" in the economy, that is, if people are spending their reserves.

But does not losing one's reserves in such a manner indicate a deteriorating situation instead of an improvement? Yes and no. "Normally" (for the USA) a situation of this sort would only arise in a crisis in which the workers had to spend their accumulated reserves for emergencies, etc., in an attempt to maintain some minimal standard. But here workers have spent reserves and go into debt not only to maintain the high standard of 1945 but to improve it further! Clearly, the expenditures, while they were no doubt in excess of what had been planned for these uses on which they were expended (due to the inflation and in part even motivated by the inflation itself, which reduced the real value of cash balances and bonds) were also in large measure deliberate attempts to raise the standards, via the purchase of homes, cars, etc. The potential value of the enormous savings of the war years (35 billions in 1944 alone) were doubtless lost in some considerable measure in the inflation but not enough to prevent a considerable rise in living standards from taking place.

This rise in consumption was accompanied of necessity by a fall in savings relative to income (19% in 1945, 6.5% in 1948). (Of course, the patterns of savings also changed, returning substantially to their pre-war shapes, with the upper 10% holding over 60% of the savings.) Furthermore, by the end of 1948, liquidation of war-bond holdings has proceeded so far that more than half of those formerly holding bonds had completely surrendered them. The third, and least important factor to date, has been the rise in total loans outstanding for the purchase of consumer goods (total debt equalled 6 billions in 1945 and 15 billions in 1948).

The people were attempting to realize at last the significant rise in living standards which was potentially theirs as a result of the great rise in wages during the war, and the inability of a war economy to provide the goods. Clearly, this suggests a rather unstable character to the consumption pattern, and affects the implications of the increased consumption for the future (i.e., current standards of living above "normal," due to fall even without a depression). But in the meantime it is an objective and subjective fact of the greatest importance in gauging the attitude of the working class. (It is clear, of course, that the great spurt in consumption was made possible by the transfer of productive factors

from war production to consumer and capital goods production) and the change in the size of the work force.

The rise in consumption of 9% in 1948 relative to 1945 is a considerable understatement, due to some problems in the cost of living index. The biggest difficulty, which has a considerable bearing here, is that the department's index does not consider changes in the cost-of-living arising out of the unusual supply conditions existing during the war. As everyone knows, the goods available for consumption in 1945 were not really comparable with those goods available in 1949 or late 1948. The quality of goods in the war years tended to become considerably diluted, resulting in a hidden price rise. The effect of the black markets operated in a similar direction. And last, the non-availability of entire classes of goods, (household goods, automobiles, houses, etc.) resulted in the expenditure of considerable sums upon alternative goods which would not have been ordinarily purchased. (The collapse of expenditures upon nightclubs and similar entertainment almost immediately following the war when expenditures upon most other items were rising is one example of such behavior.)

Unfortunately, although the facts are unmistakable, statisticians have not as yet devised any reasonably accurate techniques for measuring the hidden effects of these forces upon the price level. Little more than the direction of these influences is certain. Generally in meeting this problem most economists have, with great hesitancy, hazarded an approximation of 10-12 points on the cost-of-living index, as the correction for this set of factors.

As a result of the introduction of this factor, we can estimate that the price level actually rose from 1939-1945 by more than 29 points, and the index stood closer to 140 -- a rise of approximately 10%. In other words, the real rise in consumption was less than 37%, actually in the neighborhood of 27%. Similarly the rise in price level in the years 1945-48 was not 45 points (129-174) but considerably less. As a result the real rise in consumption is much higher than 9% greater than 1945, running perhaps as high as 18%. In other words, this correction in the index redistributes the total rise in consumption between the two periods making the post-rise greater than was apparent, and the wartime increase slightly less. This is based upon the assumption of course that the supply conditions at the end of 1948 were approximately those of 1939. Compared to the serious discrepancy that existed between the bureau's price-level and the actual one, corrected in 1945, those remaining in 1948 were distinctly secondary. However to the extent that the difference did remain in 1948, it would be necessary to deduct from the real consumption of that period.

A second introduction which should be introduced, though perhaps of a secondary character, is including in our calculations the change in population. In the relevant decade the population of the USA increased by 11%. As a result the per capita consumption in the period is not 151 (1939-100) but 137. Similar estimates for the changes in consumption between 1945 and '48 will result in a change of the order of 2%, which is negligible in view of the rough, proximate character of our data. Consequently price-level changes in

these years, contrary to the earlier period, are overestimated in that they do not account for improved quality of goods, elimination of black markets and goods shortages. In effect this is a second factor (in addition to fall in hours worked) significantly counterbalancing the fall in wages between 1945-48.

Up to this point in the analysis we have ignored the problems of the distribution of income and consumption goods. For our purpose the most meaningful data on this score (and the simplest) is an index of distribution of national income among the various classes of income recipients: wages and salaries (including the salaries of executives, etc.). Here the data (fortunately for the simplicity of our problem) indicates a fall in the share of wages and salaries between 1939 and 1945, from 63.5% to 62%. This redistribution reduces labor's share in the rise of consumption by a few points from the former 51%. During the war, when the share of wages and salaries rose to 68%, labor's share in the increased consumption was correspondingly greater.

We can get considerably closer to the facts of life on this issue if we refer to some well known facts which have a considerable bearing upon the problem of redistribution of the new consumption, while not lending themselves to simple statistical calculation. Even ignoring the capitalist class, changes in consumption distribution were very considerable. It is reasonably well documented, for instance, that farmers as a group did particularly well during this period, and that their share of the national income rose. On the other hand, we must not forget that a considerable section of the present day work force, the veterans, who were not in as favorable circumstances to accumulate reserves during the fattening war-years; nor must we ignore the impact of the inflation in seriously impairing the position of the fixed income group, and of the non-union workmen (particularly the white-collar workers). It has been pointed out to us that it is particularly the middle-aged workers, who are still the backbone of the citizenry and the working class, and more particularly those in the union, who succeeded in raising their standards of living relative to the remainder of the working class.

All things considered, it seems reasonable to say that there was a rise of some 10-15% in the living standards of the working class in the years immediately following the war.

Having reached this point, one can detect, a very audible sigh of relief. "Ah, so living standards have risen -- not fallen! Splendid! That explains the failure of the party to grow rather adequately. Thank you." The dilemma seems dissolved. Perhaps, although it seems very doubtful.

However, we are not addressing ourselves to the problem of our failure to grow, although unquestionably these facts have a vital bearing upon that problem, and the party sorely needs a satisfactory explanation for our losses which is consistent with these facts of today (1948), rising standard of living, high tempo of class struggles in terms of strikes, and fall in SWP strength.

Our purpose was, to indicate, the error of the party in its gauging of the conditions of the workers, and the implications of this error upon our analysis of their sentiments, and thinking. The empirical miscalculation of the "well-being" and militancy of the workers is at least a contributing factor to our grossly erroneous estimate, beforehand, of the outcome of the 1948 elections. For, starting with a faulty understanding of the conditions and ideology of the workers, we could hardly make any better predictions of their behavior than that which we actually made. Are we to suppose that an error of this kind was sterile -- that it did not lead to miscalculation in our policies elsewhere? Surely the picture given here of living standards does not correspond to the implicit estimate of the Militant, upon which was based its propaganda and our political and organizational perspectives.

We do not pretend to know the answers to the questions implicit in this analysis, or the implications of what seems to have been an inadequate analysis by the party. But it does seem evident that at least part of the difficulty lies in the fact that the party is even more isolated from the working class, and the American scene, than it realizes. A movement such as ours, physically rooted in the working class, should not be dependent upon an academic analysis to reveal the facts about our living standards. Our failure to "place" any better than the bourgeois analysts in the election forecasts has similar roots. Intimate association with, and sensitivity to the workers (aided by a proper general theoretical framework) should have been sufficient to suggest the true facts in this case, and the attitudes in the working class that are likely to be affected, by them. And that should long ago have been followed up by an objective factual survey -- not wishful thinking, or pure logical deduction.

(Since Lens' letter to the Militant -- to be found elsewhere in this issue -- the Bulletin containing the PC discussion and the F.I. article containing the PC majority position have appeared. We wish to take advantage of the delay in the appearance of this Bulletin to withdraw a previous article and submit in its stead the following, which is a more rounded exposition of our point of view.)

YUGOSLAVIA, THE TROTSKYIST MOVEMENT AND TITO

By B. Lens and Irving Steiner

There is a general and healthy desire on the part of all comrades to intervene in some way in this crisis of world Stalinism. But the healthiness of the desire does not guarantee the effectiveness of the intervention. Only scientific thinking can do this.

In 1938, the Old Man discussed the "centrifugal nationalist tendencies within the Comintern," and predicted its explosion. In September 1947, Comrade Johnson in "The Invading Socialist Society" excused Trotsky's "mistake" as a permissible one at the time, but wondered how this "error" could still be believed. A few short months later, the explosion openly took place and Trotsky's "absurd" prediction became fact. Facts can't be absurd, all they can be is stubborn. Therefore, in the eyes of thinkers and reasoners, the analysis which enabled the Old Man to reach his correct prediction has become far more authoritative.

I mention this important point to emphasize that Yugoslavia, with all its special and unique features, is not a historical accident -- but is rather a dramatic illustration of a splitting tendency that is a necessary part of international Stalinism. The Yugoslav affair is neither the beginning nor the end.

This invests the correct solution of this problem with a double importance. It is no exaggeration to say that the Trotskyist movement stands or falls depending on our answer to the Yugoslav question. Any answer that finds Stalinism can do the job of overthrowing capitalism, leaves no historic room for this movement. The fight for leadership of the European workers, many of whom will be attracted to Titoism, assumes additional urgency -- as it always does for us when new blind alleys are opened up for the working people.

However, on this all-important question, which has been glibly labelled the "Stalin-Tito Fight," on which the fate of the International is at stake, a great deal of muddled thinking has been going on. Suffice it to say that the class nature of the Yugoslavian State has been discussed only some time after a political line was decided on.

We have an advantage in this discussion. We all agree on the facts of the case in relation to Yugoslavia, the only question is their interpretation. No one has challenged these facts presented by Germain and the IS in several articles. Only his analysis of Yugoslavia as a capitalist state has been attacked.

Cochran, in his brief and dangerous memorandum attacking the reasoning used by the IS in their resolution "The Evolution of the Buffer Countries," writes many times about the "yardstick" and the "rules of measurement" in Marxian sociology. He does not discuss explicitly what these are, but it becomes clear from the context that nationalized property and monopoly of foreign trade are his sole rules of measurement in determining the nature of a state.

This sets at nought the whole painstaking and backbreaking job in analyzing the Russian question -- one of the foundations of the International and one of the Old Man's greatest contributions.

The key that Cochran uses will open too many doors. Are we to wait until England reaches 75% nationalization before announcing that too, as a "workers state"? I personally believe this possibility remote, but I would not let my analysis of England as a capitalist economy rest on that criterion alone.

Nor did Cochran always use this key. At the 1946 Convention he sneered very effectively at Morrow and said: "You accuse us of standing in the background and chanting like a Greek chorus: 'Nationalized economy equals workers state, nationalized economy equals workers state.' How superficial!" And Cochran was right when he said this. This "nationalized economy equals workers state" reasoning was a caricature of Marxism then and still is today.

This whole question of diagnosis, which, remember, is a fundamental, theoretical question whose answer does not shift with the wind, was well understood by Engels: In Anti-Duehring he wrote:

"If the crises disclose the incapacity of the bourgeoisie for the further management of the modern productive forces, so the conversion of the large-scale facilities for production and distribution into joint-stock companies (trusts) and State property discloses the superfluousness of the bourgeoisie for that purpose. All social functions of the capitalists are now performed by salaried employees. The capitalist has no longer any other social activity than that of pocketing revenue, clipping coupons and gambling on the stock exchange, where the different capitalists despoil one another of their capital. If the capitalist method of production first displaced workers, it now displaces capitalists and delegates them like workers, to the surplus population, if not immediately to the industrial reserve army.

"But neither the transformation into joint-stock companies (or trusts) nor that into state-property, eliminates the capitalist character of the productive forces. In the case of the joint-stock companies (and trusts) this is obvious. And the modern state, again, is only the organization which bourgeois society provides for itself in order to support the general external conditions of the capitalist method of production against encroachments as well of the workers as of individual capitalists. The modern State, regardless of its form, is essentially a capitalistic machine, the State of the capitalists, the ideal collective capitalist. The more productive forces it takes over into its possession, so much more does it become the actual collective capitalist, and so many more citizens does it

exploit. The workers remain wage-workers, proletarians. The capitalist relation is not eliminated. It is rather brought to a head. But, brought to a head, it topples over. State ownership of the productive forces is not the solution of the conflict, but it conceals within it the formal means for the solution of the problem."

This is fundamental! Complete statification is within the framework of capitalism.

It seems to us elementary that anyone who wants to advance nationalization as the "yardstick" for determining the nature of an economy, is duty-bound to consciously revise this fundamental part of Marxism which, to date, has never been openly challenged in this discussion.

We do not consider Yugoslavia to have the classic state capitalism that Engels envisaged. The picture that Engels foresaw was a gradual, evolutionary one which the capitalists might be forced to as an empirical adjustment to its crises. The development of state capitalism in Yugoslavia, was the result of the empirical efforts of a reformist bureaucracy to adjust in a reformist manner to the exigencies of the world market during the extreme weakness of the national bourgeoisie. Naturally, the reforms began and were extended in accordance with revolutionary pressure from Yugoslav workers.

Our purpose in quoting Engels in this connection is to challenge Cochran's oversimplified "rules of measurement."

But the question comes up: "After all, why do we support the S.U.? Nationalized economy may not be the only thing, but isn't it the main thing? And don't the same criteria apply to Yugoslavia which was born in its present form as a result of a revolutionary action?"

And so we come to another phase of the Russian question.

It is not amiss, nor should it be surprising, that we find it necessary to repeat fundamentals and even ABC's, since it is these very fundamentals that are called into question at every major turn in world politics.

Ten years ago, Trotsky, discussing the nature of the USSR challenged Burnham as follows:

"The definition of the USSR given by Comrade Burnham, 'not a workers and not a bourgeois state' is purely negative, wrenched from the chain of historical development, left dangling in mid-air, void of a single particle of sociology and represents simply a theoretical capitulation of pragmatism before a contradictory historical phenomenon.

"If Burnham were a dialectical materialist, he would have probed the following three questions: (1) What is the historical origin of the USSR? (2) What changes has this state suffered during its existence? (3) Did these changes pass from the quantitative stage to the qualitative?"

Just in passing, this labels as anti-dialectical the wretched thesis that takes off from the episodic and unstable nature of Titoism and identifies it as "neither here nor there, neither worker nor capitalist." The logic of those who follow this notion is also neither here nor there.

Now in our brief time, we cannot repeat Trotsky's answer to his all important three questions as regards the Soviet Union. They can be found in the books and in Germain's article "The Soviet Union After the War."

But we can apply Trotsky's approach and ask these and other questions about Yugoslavia.

The moment we start such an analysis, it becomes necessary to abandon slovenly and inexact language and use a careful dissection to lay bare the anatomy of the Yugoslav class struggle. There are four main aspects to this struggle.

- First: The aspirations of the proletariat;
- Second: The role of the capitalist, bonapartist, police government;
- Third: The role of the Yugoslav Communist Party;
- Fourth: The aspirations of the peasantry.

Further study undoubtedly will reveal important subdivisions in all these aspects.

These four distinct divisions have been used interchangeably and sloppily much too often. For example, in such PC majority slogans as "We defend Tito" and when pressed for explanations are told: "We don't really mean Tito, we mean the Yugoslav working class" or some such thing.

Now, no one disputes that the CPY was at the head of a powerful revolutionary workers and peasants movement. No one disputes that under this leadership, the Nazis and Fascists were driven out of Yugoslavia. No one (I mean no one in our party) disputes -- and here I'm using the facts given us by Germain which remain unchallenged -- that the role of the CPY was one of the most treacherous of all. That is, they throttled the Yugoslav revolution at its birth. Leading a militant and powerful working class which had the confidence of important sections of both urban and rural petty bourgeoisie, the leaders of the CPY used their authority and power to strangle the revolution. The workers' control, that was developed during the civil war was transformed into a police dictatorship. Those remnants of the bourgeoisie that had not fled the country were permitted to exist as a class. They were either allowed to retain control of their holdings or were compensated by means of bonds. Foreign holdings were handled in the same way.

Now all this is very sketchy and qualitative. I feel free to use the above only because no one in the movement has challenged this picture. I must say that various bourgeois sources dispute practically every phase of our description, but I found these sources so self-contradicting, so sketchy and poorly documented that I was

unable to know what store to set by them and chose to go by the picture given us by our European comrades. I might add that every source agrees that the attitude of the Allies toward Tito, was determined at the deals in Teheran and Yalta.

We are now in a better position to begin applying the Old Man's classic questions. The Yugoslav state in origin, after the war, was a capitalist state most of whose bourgeoisie was physically absent. The state was in the control of a working class and peasant party which imposed a police regime. The purpose of the police regime was to prevent further seizures of industrial plants and to curb workers' control, that is: to defend the private property relations that existed still. It must be mentioned that so valuable did American imperialism consider Tito's role, that they gave him unexampled cooperation in the matter of military support in the form of arms and ammunition. This must be contrasted with the attitude of world imperialism toward the Soviet Republic! Not that Lenin would have refused help from anyone, it was just that the price of holding a revolution in check was one he wouldn't and couldn't pay.

As the regime evolved, its Bonapartist, police nature became more apparent. Refusal of the right of asylum, police terror, suppression of working class opponent parties, suppression of free workers' press, dissemination of Stalinist falsifications and all the rest of it -- all the hall-marks of Stalinism became more and more evident. Even the break with the Cominform, with the consequent loosening up that's attendant upon every political upheaval, brought very little change, as we shall indicate later.

The last of Trotsky's classic questions: Have the changes passed from the quantitative stage to the qualitative? The skimpy evidence all points to the fact that nationalizations have been extended considerably in all heavy industries. But as Germain points out in the September 1949 issue of the F.I., these are but capitalist facsimiles of socialist planning. The overthrow of Tito by the workers would overthrow these so called "socialist nationalizations" right with it! These nationalizations are but episodic adjustments to the exigencies of the capitalist world market and represent no adaptation of the resources of the country, nor to the needs of the people, nor to the world division of labor.

So the extremely important question of direction is answered in the negative for Yugoslavia. The revolution was aborted, did not unfold, was kept in the confines of a bourgeois political overthrow. The criminals, and criminals we called them in many resolutions and articles, are the Tito clique.

We have called the Tito clique "Bonapartist." In our usage this means a state apparatus that veers and shifts between classes. In the case of Tito's government, it rests upon both the native proletariat and peasantry and equally important, upon foreign imperialism. Indeed, without this last, to which Tito partly owes his existence, his state could not survive. Compromising with all these elements, Tito pursues his dangerous and unstable course, veering now to the right and now to the left. If he sometimes sounds tough to American imperialism, remember he is far tougher with his own

proletariat. He keeps them in line by police terror. This is Tito's role as the head of a state. But he is also the head of a working class party. And it is as the head of the CPY that the working class of Yugoslavia see a possibility of realizing their historic socialist goal.

These two roles are separate and distinct and must not be confused. The Socialist mayor of Bridgeport is a capitalist administrator who has the confidence of a working class party and so is the Prime Minister of Great Britain.

I will also mention that defiance of foreign imperialisms by Bonapartist regimes of semi-colonial countries is nothing new. Suffice it to recall that in 1938, the Cardenas government in Mexico expropriated American oil interests and put these industries under workers' control -- lengths to which Tito did not dream of going -- yet we never for a moment considered extending political support to the Cardenas regime.

Now we have our sociological analysis of the Yugoslav state power as being a Bonapartist, police regime at the head of a capitalist, semi-colonial economy. How does this analysis enable Trotskyists to enter this major historical turn -- the breakdown of international Stalinism? How can we use this conjuncture to prevent the spreading of illusions and to point the right road out to the Yugoslav and European workers?

Corresponding to the various phases of our analysis, the program we advocate has several facets. We must remember that Tito is interested in maintaining the present property relationships, which gives him and his machine special privileges, at all costs. This sets Tito's basic line. Stalin's demands threatened Yugoslavia's lion's share of the national surplus product, and this -- and this alone, not any principled difference -- caused Tito to break with Stalin. And he made this break only after exhausting every possibility for making a rotten deal. In making the break, he posed as the champion of the national rights of the Yugoslav peoples and at the same time repaired his fences with American imperialism which had been neglected during the cold war. We must explain to the Yugoslav workers that it is absolutely impossible for Tito to carry through this fight successfully. In short, no political confidence in Tito's government!

We further explain that the Trotskyists, continuing Lenin's ideas on this problem, defend in principle, the national rights of Yugoslavs against the aggressions of Stalin.

A still further part of our approach to the Yugoslav masses is conditioned by the fact that Tito is head of a working class party which at present is resisting Stalinist aggression. Here a tactic of a united front with the CPY against Stalin is quite possible, IF the Trotskyists had a party in Yugoslavia. In any case such a party would insist on not mixing its banner with that of Tito's party. But the Trotskyists have no party in Yugoslavia and only the terror regime there prevents them from having one. Therefore it is doubly important that we do not help Tito spread illusions about Tito.

Fight with Yugoslav workers against a possible Stalinist invasion? Fight with them against an actual ideological barrage? Absolutely. Support Tito in this fight? Not for an instant! But the most important thing is to build a party in Yugoslavia!

Comrades, I want to emphasize that this approach is nothing new for us. It was learned from several bitter historical experiences. And that's what a party is for: to learn from all past experiences and apply these to current problems, so that we don't have to figure out everything from scratch, as though these things have happened for the first time.

During the Spanish Civil War, the Loyalist government was headed by leaders of working class parties even though the regime was undoubtedly capitalist. With all proportions guarded, this offers certain analogies to the present situation in Yugoslavia only as far as approach to the respective workers in each country are concerned.

In September 1937, Shachtman wrote Trotsky: ". . . You say, 'If we would have a member in the Cortes he would vote against the military budget of Negrin.' Unless this is a typographical error it seems to us to be a non-sequitur. . . .if we are obliged to give military assistance to the struggle against fascism, we don't see how it would be possible to vote in the Cortes against the military budget... If a Bolshevik-Leninist on the Huesca front were asked by a Socialist comrade why his representative in the Cortes voted against the proposal by Negrin to devote a million pesetas to the purchase of rifles for the front, what would this Bolshevik-Leninist reply? It doesn't seem to us that he would have an effective answer."

Shachtman, we remember was a member of the riddle school of politics.

Trotsky notes: "This letter astounded me." Two days later he replied to Shachtman:

"To vote the military budget of the Negrin government signifies to vote him political confidence. . . . To do it would be a crime. How we explain our vote to the anarchist workers? Very simply: We have not the slightest confidence in the capacity of this government to conduct the war and assure victory. We accuse this government of protecting the rich and starving the poor. This government must be smashed. So long as we are not strong enough to replace it, we are fighting under its command. But on every occasion we express openly our non-confidence in it: it is the only one possibility to mobilize the masses politically against this government and to prepare its overthrow. Any other politics would be a betrayal of the revolution."

Strong language!

This clear difference between military and political support that Trotsky emphasizes, is of first rank importance. We repeat: it may be necessary to carry on some kind of united front action with the CPY, this depends solely on the relation of forces between them and us. But it is completely impermissible for us to extend to the capitalist government of Yugoslavia any political support.

The twin slogans of "Support the national Yugoslav fight for independence from the Kremlin" and "No confidence in Tito" are slogans the PC majority is obligated to accept as long as it holds its present analysis of Yugoslavia.

A further question arises: If the USSR is a workers' state and structural assimilation of Yugoslavia into the Soviet Union is progressive, how could we consistently oppose a Stalinist invasion of Yugoslavia for the purpose of affecting such an assimilation?

Now as dialecticians, we know that means are never separated from ends. If the means are so costly that they subvert the end they are supposed to accomplish, then we may insist on different means. Undoubtedly it would be historically progressive for this semi-colonial nation to be an integral part of a Socialist Balkan Federation or even of the S.U. But this does not mean that the larger historical end of awakening the socialist consciousness of workers everywhere is served by forcing structural assimilation, bayonet in hand. For example, there is no question that the replacement of the small and large farmers by collectives in the S.U. was historically progressive. But this does not mean that Stalin was serving the cause of world socialism by murdering two million peasants in order to achieve this collectivization.

Another factor enters and must influence all of our thinking on this question. Tito has stated time and again that a military attack by Stalin would bring about a world war. All the evidence is that this is true. In such an event, the slogan of no confidence in Tito is all the more important.

A very important further point must be made now. In our press, we have consistently hailed every radical-sounding anti-Stalinist remark by the Titoist bureaucrats. Lending aid and comfort to these bureaucratic hacks is very dangerous and can only redound to our discredit. Isn't it clear that these sudden phrases are inspired only because they, as leaders of a working class party, are forced to pose as the best fighters for national rights against Stalin? Doesn't the most vulgar liberal sound radical when culling votes? Remember these same hacks who run a police regime, who have suddenly discovered Lenin. Often in the same speeches also say: "As Lenin told Trotsky, you can so build socialism in one country" or "As Lenin told Stalin, we need a monolithic party."

Spouters of radical phrases who are only looking for new means to betray the working class are all the more dangerous. We only fool ourselves when we gently chide Tito in our press for asking only for interparty democracy and not also for democracy within the party. Do we imagine that Tito runs a police state only because he hasn't yet read the right books? Internal party democracy will come in the CPY only if the workers in it forcibly take it, it will never be given them.

But by far the most dangerous example of such mistakes is in Pablo's last article in the current F.I. Here, to cite just one example, the Yugoslav reforms in law are discussed with warm approval. What's the evidence? The law books have been changed! But

Stalin can also point with pride to the "most democratic constitution in the world"...on paper. What evidence that the Yugoslav police regime is loosening? None whatever. The word of GPU trained hacks is being accepted for good coin.

Such an attitude is attributable only to a lack of confidence in the Yugoslav workers. This lack of confidence is singularly unjustifiable. Give them leadership, on occasion even bad leadership, and they'll perform miracles. They've already shown their potential. But never deceive them! We must never tell the Yugoslav workers that Tito's police regime will give them anything unless the workers force it to. We must always explain that Tito keeps the bitterly won nationalized property within a framework suitable to world capitalism, not to Yugoslav workers.

In closing, I can think of nothing better than to urge you to read once more "In Defense of Marxism" not as a substitute for independent thinking but as a guide to it.

Our party rests only on its ideas. Today that is the only justification for its existence. The world working class within our lifetime has demonstrated many times its capacities for courage, loyalty and imagination. The only thing wanting has been correct ideas. If we permit ourselves to think sloppily, if we permit ourselves to offer the working class a program that has not been checked by every historic experience -- why then we are failing our mission and betraying our class. All the varied programs of confidence in different capitalist classes have been tried and found wanting. The only roads that are not blind alleys involve confidence in the working class alone, and the building of the Fourth International. This is more true than ever before, not less.

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To summarize conclusions more succinctly:

First: The Trotskyists support the struggle for Yugoslav independence but extend no political support to the capitalist government of Yugoslavia, even though headed by a Bonapartist clique arising from a working class party.

Second: A genuine proletarian uprising against Tito will not weaken the fight against Stalin but strengthen it. It will give courage to the revolutionary proletariat within the Soviet Union.

Third: The main enemy is still world imperialism, led by American capitalism. In Eastern Europe, however, the splitting of the counter-revolutionary Stalinist bureaucracy presents great opportunities for revolutionary action by the workers.

Fourth: The immediate task is the establishment of a revolutionary Marxist party in Yugoslavia, however difficult that may be. Then, all kinds of united front actions with various communist parties are possible -- both against Stalin for the right of self-determination and against western imperialism for the defense of the Soviet Union.

Fifth: Any "tactics" or agitation that create illusions about the nature of the bureaucracies or that cover the exploitation of Yugoslavia and the Yugoslav working class by world capitalism -- will be harmful to the revolutionary movement.

Finally: No confidence in Tito! A bureaucracy never has and never will substitute for a revolutionary socialist party. Only the revolutionary action of the proletariat can complete the destruction of capitalism in the Balkan states. Let no one underestimate this force because Tito keeps it in check! All the evidence points to it being there with tremendous power historically seeking a revolutionary leadership. The only road remains that of the Fourth International.

November 20, 1949

A LETTER ON YUGOSLAVIA

September 12, 1949

The Militant

Editor:

The editorial on Yugoslavia in today's Militant carries forth as a statement of policy the line evident in the articles of Comrades Clarke and Warde in the previous two issues. This line can be summarized as follows:

1. The Militant supports Tito against Stalin.
2. Yugoslavia is engaged in a "progressive" struggle against the USSR.
3. The "...Yugoslavs are in a far better position (than peoples in other small nations) to fight Stalinism and its agents and thereby set an example of successful defiance which can inspire other peoples to throw off the yoke of the counter-revolutionary Moscow autocracy and remove the greatest obstacle in their march toward socialism." (Conclusion of article by W. F. Warde, September 5, 1949.)

My quarrel with this editorial policy is more with what it implies and with its glaring omissions than with what it says outright;

1. Neither the editorial nor the articles at any time mention the classic Trotskyist position of defense of the Soviet Union (as

a degenerated workers' state) against world capitalism.

Empirical observations like those of Comrade Clarke's (September 5, 1949, Militant) identifying Stalin's politics with those of Hitler, without any explanation of their contrasting sociological origins, can be very misleading. This type of comment can be found every day in the commercial press and was especially prevalent during the Stalin-Hitler pact. (Walter Duranty was the leading exponent of that school.)

However much we might excuse ourselves by saying that the Militant lacks space, that this was only an agitational article, etc., we cannot evade our responsibility to make clear our fundamental program to all readers, and to distinguish ourselves from the barbarous horde that seeks to destroy the Soviet Union, the first major outpost against world imperialism.

2. In view of the fact that Yugoslavia has been analyzed (so accurately by E. Germain, in the Fourth International) as a capitalist state, is it not at least a duty of the editors to explain why they consider the struggle of a capitalist state, however "unique" a type of capitalism it may be, against a workers' state, however degenerate a "workers'" state, to be a "progressive" one? It has always been the method of Marxists to start their analyses of any struggle on the world arena with a class (i.e. economic) analysis of the contending forces. If this is an exception to the rule, or if the rule is outmoded, let us at least be informed of this in a forthright manner, with all the evidence carefully presented.

3. Not a word is said (except to be mentioned as an abstract possibility) of the utilization of the present Balkan crisis by world imperialism. No one who is alive to the elements of world diplomacy today can fail to see that the capitalist masters and their puppets of the parliament and of the press are unanimous as almost never before in their anxiety to use capitalist Yugoslavia (together with the legitimate aspirations of the Yugoslav peoples for self-determination) as an opening wedge in the coming hot war against the Soviet Union.

4. We have previously described Tito and the Yugoslav Communist Party as a counter-revolutionary Stalinist brake on the proletarian revolution. The tremendous revolutionary upsurge during and at the end of the war was stifled and channelized by Tito and Stalin until all independent revolutionary action by the proletariat was crushed. The consolidation of state power in the hands of the bureaucracy turned the direction from socialism to the perpetuation of capitalism. (This is perhaps an over-condensation and oversimplification in the interests of brevity at this point, but the major outline of Yugoslav developments have never previously been disputed among us.)

Direction of movement is a question of fundamental importance to Marxists. By implication, the Militant has suddenly assumed that the direction of Yugoslavia's economic path (or is it only the Yugoslav CP and not the state?) has abruptly been reversed by Stalin's political break with Tito. If this inference is correct, it is of the utmost significance to fully expose the evidence to the readers of our press.

5. It has been a major *raison d'être* of the Fourth International that bureaucracies of the Stalinist type are objectively counter-revolutionary, and that the overturn of capitalism and the building of socialism require, above all, the revolutionary initiative of the proletariat, with the guidance of a revolutionary Marxist party.

While Comrade Warde does not make it very clear exactly who (if anyone) is on the "march toward socialism," it is very clear that he believes that the Yugoslavs are now showing the way. Others, perhaps not Comrade Warde, have quickly drawn the conclusion that the march is already half-completed, with "degenerated workers' states" existing in the buffer countries without even having experienced successful proletarian revolutions or workers dictatorships.

All this careless dispensing with fundamental concepts deserves a little explanation -- to the tens and hundreds of Stalinists and semi-Stalinist workers and youth who are today looking to Trotskyism for the first time, as well as to ourselves.

Comradely yours,

B. Lens
New York City

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Above is the text of a letter submitted to the Militant on September 12, for publication. At the request of the Secretariat, the letter was withdrawn and is now submitted for internal discussion.

A few comments are in order, in view of the time elapsed since the letter was written.

1. Since the letter was received, a few articles more critical of Tito have appeared. A more analytical tone was substituted for the previous wilder journalistic flashes. But the basic line remained unchanged. Before any internal discussion was conducted in New York, a public lecture was held, in which Comrade Clarke announced that Stalinism is "the main enemy of the world revolution" (not merely in Eastern Europe!) and that Stalin is preparing "imperialistic" actions! (If we are misinterpreting, we know we are not misquoting, we will be delighted to be corrected, Comrade Clarke.) In the Militant of October 17, Comrade Breitman three-quarters approves the utilization of the United Nations as a forum, while in a friendly manner, warning against illusions! Is it really necessary to explain to Tito about the U.N., Comrade Breitman? Doesn't this old time Stalinist hatchet-man know much more about the ins and outs of this "thieves kitchen" than we do? Whom are we kidding? It is more essential for us to mercilessly expose this counter-revolutionary agency of world imperialism and all the fakers who lend it prestige, than to bandy about tactics with Tito! Trotsky wanted to speak before the Dies' Committee in order to denounce it. Tito participates in the U.N. to subtly cement his alliances with imperialism there.

In our agitation, the question of the class nature of Yugoslavia continues to be carefully ignored; after the hour and half lecture by Comrade Clarke, the question had to be and was asked (not by us) -- what is the class nature of the Yugoslav State? But for scientists, this is the first question to be asked, not the last.

2. Nothing has appeared yet, since the above letter was submitted, to explain the difference between the Soviet Union, as a degenerated workers' state, and the Bonapartist bureaucracy which rides astride it. It is still almost impossible for a worker who has only read our press in the past year to find out our position on the Soviet Union -- without extensive research. Indeed, one of our contacts who is a Militant reader and who had attended a few public meetings, flatly challenged us to point out where we were for defense of the Soviet Union. He understood that the ideas in the "Invading Socialist Society," which in New York is sold with and as, official party literature, were the accepted Trotskyist line on the Russian question. And this misunderstanding is natural. Our anti-war agitation is carried out with stated opposition to American imperialism, but without discussing whom the war is going to be fought against, and what our position will be in the coming world war in relation to defense of the Soviet Union! In speeches and articles, "Stalin," "Soviet Union," "Russia" are used carelessly and interchangeably. In New York City street meetings, some speakers repeat over and over again as our position on the cold war "neither Wall Street nor the Kremlin!" What then, comrades, the "third camp"?

B. Lens
Irving Steiner

October 27, 1949