

May 1943

Fourth International

*The Month in Review: All Honor to the Fighting Miners
"Mission to Moscow": Frameup*

Wendell Willkie's Program

By Felix Morrow

What the Peacemakers Did to Europe

By Terence Phelan

Europe and America

by Leon Trotsky

Roosevelt's "Hold the Line"

by William F. Warde

The Shipbuilding Scandal

by Joseph Hansen

The Dutch East Indies

by P. van Vliet

Twenty Cents

Manager's Column

The following is a report from a branch of the Socialist Workers Party:

In answer to the request of the editors of the *Fourth International* for a thorough discussion of the magazine in the branches, the Central Branch of Local New York prepared a questionnaire dealing with most of the problems that the editors were particularly interested in, and several others beside. On the basis of the answers to these detailed questionnaires an interesting and lively discussion took place in the branch.

Here briefly are some of the statistics gleaned from this survey.

52 questionnaires were answered.

The following are some of the questions asked with the answers listed numerically:

What type of article interests you most? (In answering most checked three or more of the subjects listed)

- 44 listed International
- 34 listed "From the Arsenal of Marxism"
- 27 listed National
- 27 listed Discussion articles
- 27 listed Trade Union articles
- 27 listed Editorials
- 15 listed Book Reviews

Which type of articles or subjects do you think should receive more stress Which less stress?

Less stress on Intellectuals—1; Philosophy—1; Historical articles—1.

More stress on: Archives—8; Economics—3; Discussion articles—3; Dialectical materialism—6; International—5; Current events—3; Trade Union—6; National—6; Women Question—4; Jewish Question—2; Agriculture, Negro, Labor Party—1 each.

Has the FI helped you in your contact work?

- 28 said "yes"
- 12 said "no"

Space does not permit us to quote as many of the interesting and helpful suggestions made by the comrades as we should like, but here are some:

A housewife—2 years in the party says: "Sometimes the authors of articles take too much for granted as to the readers' Marxian background. I would like to see shorter articles."

A newspaperman-printer—6½ years in the party: "To new readers, the FI has a forbidding

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Editor: FELIX MORROW

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cold and bald look. Trotsky's own articles would suggest that it is possible to employ a few warmer stylistic amenities without necessarily diluting one's principles."

A machinist—2½ years in the party: "I would like to see more stress on theoretical reprints and articles on dialectical materialism. I believe that the chief value of the F.I. lies in its ability to educate the comrades and contacts in those questions which are not and cannot be taken up in the *Militant*."

A waitress—8-9 years in the movement: "In view of our preparation to launch agitation for a Labor Party, clarification

of national problems forms a vital preliminary. I was particularly interested in Warde's series from this point of view. E. R. Frank's and C. Thomas' trade union articles are an indispensable contribution to the people working in industry."

A member—2 years says: "Contacts say FI is accurate in analysis of current events."

Machinist apprentice—2 years in the party: "Trade Union articles and editorials appealed to my contacts. Simpler language would make it easier for them."

* * *

On DISTRIBUTION: Some of the suggestions were:

Special campaigns to sell at specific places, forums, meet-

ings, unions, etc. when articles appear pertinent to the occasion or of special interest to the people there.

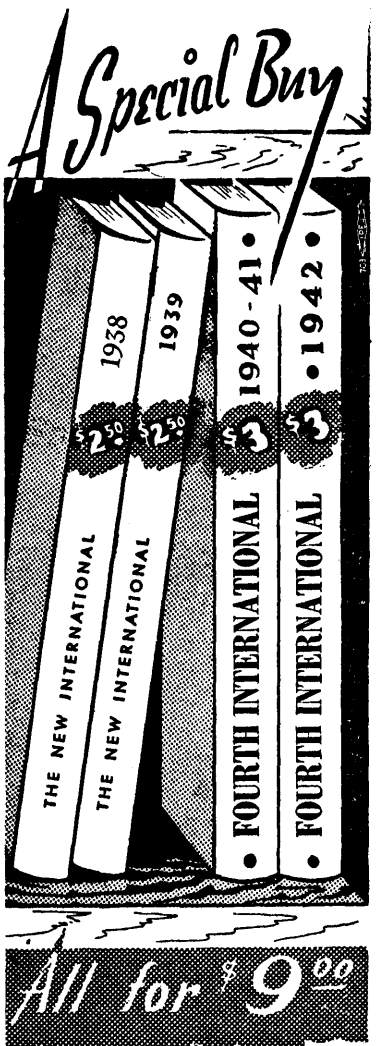
Selling old issues at five cents.

More checkup on expired subs. Appeals at forums and classes for subscriptions.

Display cards at forums and classes advertising and stressing important articles.

BOSTON: A report by J. Kitting on a discussion in that branch says:

"The India articles were found especially good for some of our contacts. The comrades were enthusiastic over the magazine for their own reading. "The Month in Review" was particularly praised, some feeling it should be enlarged. I can say that the magazine, which was once read as a duty by many comrades, if read at all, is now a pleasure that every comrade looks forward to."



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FOURTH INTERNATIONAL

VOLUME IV

MAY 1943

NUMBER 5

The Month in Review

All Honor to the Fighting Miners—Roosevelt's "Carrot and Club" Policy Toward the Soviet Union—The "Mission to Moscow" Film: A Triple Frame-up—U.S. Capitalist Dreams of World Hegemony

FIVE HUNDRED THOUSAND MINERS REJECTED Roosevelt's ultimatum. This all-important fact and its full significance will make its way into the minds of the rank and file of the American workers, despite the universal attempts to cover it up. Roosevelt, armed with all his civil and military powers, backed by the entire capitalist class and its agencies of "public opinion," and bulwarked by the support of the top leaders of the AFL and CIO, handed down an ultimatum on Thursday, April 29, that all coal miners must be back at work by 10 A.M. Saturday, May 1. He was referring to the "wild-cat" strikes which began early in the week in anticipation of the expiration of the contract Friday midnight. He got his answer Friday midnight, when *all* the coal miners downed tools. Perhaps Roosevelt was under the illusion that he was merely continuing his personal feud with John L. Lewis. But he discovered that he was up against 500,000 miners' families who are determined to get more food, clothing and shelter, come what may. Roosevelt staked his authority in the labor movement when he commanded the miners to be at work Saturday 10 A.M. under penalty of having him use all his vast powers against them. Certainly, whatever workers Roosevelt may still claim to lead, he is not the leader of the United Mine Workers. And that is only the beginning.

The press and radio and the labor flunkys of Roosevelt are moving heaven and earth to conceal the fact that his ultimatum was the showdown and that Roosevelt failed. But the facts are indelibly recorded. The mine owners rejected all the union proposals, confidently counting on the backing of the War Labor Board and its "Little Steel" formula. The mine bosses were especially confident after Roosevelt's "hold the line" order of April 8, obviously aimed against the miners and instructing the War Labor Board to stick close to the "Little Steel" formula, which barred any increase to the miners. The union defied the War Labor Board and would have nothing to do with it. The board then turned to Roosevelt to back it up. He did so, with his ultimatum-telegram which, while ostensibly addressed to Lewis, appealed over his head to the rank and file of the miners.

Roosevelt's ultimatum appeared all the more difficult to defy because the United Mine Workers stood alone. Hardly a single figure in the upper circles of the AFL and CIO indicated any form of support of the miners, as the deadline neared. In the AFL, one of its War Labor Board members, Matthew Woll, on the last day (Friday) expressed support of the miners' wage demands; and in the CIO, also on the last day, Walter Reuther, a vice-president of the Auto Workers, sponsored a resolution, which was adopted by the General Motors conference, endorsing the "economic demands" of the miners. That was all the official trade union support the

miners got before the Saturday deadline. Lack of support meant actual hostility of the top union leaders to the miners' strike. That was made plain by the treacherous statement issued by CIO President Murray on Sunday, that "I am not going to break my no-strike pact with the President." Likewise the same day, R. J. Thomas, President of the United Auto Workers, condemned the strike as "political" and took his stand on the side of Roosevelt. That day, too, the Stalinists turned their "Labor for Victory Rally" at the Yankee Stadium into an anti-Lewis rally. In short, the miners could count on no support from labor officialdom as they walked out.

But down in the ranks there was widespread support for the miners. That was evidenced dramatically by what happened to R. J. Thomas' attack on the miners' strike, which he made at a conference of delegates of 500,000 Michigan members of the United Auto Workers. After his speech, the delegates voted down a resolution condemning the strike and adopted one stating that the miners were "forced to strike" because their demands were "unjustly turned down" and calling on the CIO to aid the miners "in obtaining their just and fair demands." The auto workers happened to be the only unionists who had such an opportunity to express themselves; but, our reports indicate, the workers throughout the country felt similarly. In spite of all that Roosevelt had done to prejudice them against the miners' struggle, in spite of the incessant propaganda molding "public opinion," in spite of their official leaders, the workers everywhere understood that the miners constituted the vanguard fighting for the interests of the entire labor movement.

Thus, when his deadline expired, Roosevelt had to move with the knowledge that the miners' ranks were firmly united and that they had widespread support down below among the great masses. And the next move was up to Roosevelt. The mine union leaders sat tight. Either Roosevelt had to break the strike or he had to retreat. There was no third possibility open to him.

Government possession of the mines alone would not break the strike. That was shown when Roosevelt instructed Ickes to assume possession Saturday morning, and the subsequent mine shifts did not go to work. The threat to send troops into the mine patches was answered by reports from the mine areas that the troops might herd the miners into the pits but there would be no work. On top of everything else Roosevelt was confronted with the specter of sit-downs in the mines! There were those in Roosevelt's circle who advised him to take the chance. Louis Stark reports from Washington that there were "certain influential elements in the government styled as 'left-wing New Deal,' who preferred to see the government act in a manner that would 'slap down' Mr. Lewis and drive him

to unconditional surrender even if that should involve a bloody conflict in the mine fields." (*New York Times*, May 3.)

These "left wing" elements appear to be those close to the Stalinists, who were assuring the world that Lewis had no support among the miners. But Saturday's events had shown that the Stalinists and their government friends were inaccurate reporters, to say the least. Much more accurate advice came to Roosevelt in the same speech in which the auto workers' president condemned the mine strike; Thomas went on to warn that any attempt to use troops to force the miners back to the pits might result in a national labor tie-up. This was a confession from one of Roosevelt's most servile labor lieutenants that Roosevelt and the labor movement had come to a parting of the ways. Yet the stability of Roosevelt's regime has rested entirely on his coalition with the trade union leadership, as E. R. Frank demonstrated in his article, "John L. Lewis and the Roosevelt Labor Policy," in our last month's issue.

To decide to use troops meant for Roosevelt also to decide at that moment to seek a new base for his government at the extreme right. That meant, among other things, to tell Europe and Asia that the American government which would attempt to determine their fate would be a government controlled by the most open reactionaries, like the outgoing president of the National Association of Manufacturers who declared that "we are not in this war to build TVA's on the Danube or give a quart of milk to every Hottentot." At home it meant open class war and no assurance that the miners and their supporters could be crushed. These were indicated consequences of a decision by Roosevelt to carry out the implications of his ultimatum.

No wonder, then, that Roosevelt retreated. His supporters are moving heaven and earth to conceal the fact, but he retreated, ignominiously. The mine union leaders sat tight, and Roosevelt was forced to take the first step toward compromise. As John L. Lewis has stated without contradiction from Washington, "government officials" asked him to go to see Ickes, the mine administrator, who in turn asked him on Sunday to agree to a 15-day truce. Roosevelt talked big in his radio speech Sunday night, but meanwhile he had backed up.

Now Washington has the difficult problem of "saving face" and every reactionary force in the country is howling for another showdown. But it is unlikely that Roosevelt can afford a second showdown, which is certain to be as disastrous for him as the first. There may be many another maneuver, and a crisis or two, but all indications point to a victory for the miners.

One union, standing firm, was able to do this. All the more glaring now is the cowardice and treachery of the AFL and CIO leaders who have failed to stand up for the needs of their members.

The miners' fight is the first assertion of independence by an important trade union since the war began. All honor to the fighting miners! They have taken the lead in declaring labor's independence from capitalist domination in the economic field. Theirs also should be the lead in declaring labor's independence in the political field. The mine strike has shown the impossibility of "simon pure" trade unionism. The struggle was a major political issue from first to last. Yet there was not a single voice in Congress representing the labor movement. The miners, first of all, should draw the lesson of their fight, and come out for an Independent Labor Party based on the trade unions. If they do, they will find the rank and file of the workers back of them, as they were back of them in the strike.

THREE EVENTS OF THE MONTH—WASHINGTON'S peace "hints" to Finland, the Polish-Soviet rift, and the open-

ing of the "Mission to Moscow" film—serve to illuminate Roosevelt's policy toward the Soviet Union. That policy may be best described as the "carrot and club" policy advocated by the former American ambassador to the USSR, William C. Bullitt, who as a private citizen has been urging publicly what Roosevelt is actually attempting to do.

Bullitt, in various speeches and articles, has said that Wilson's "mistake" was to wait until he got to the 1919 Peace Conference. Wilson should have forced through binding commitments dictating the re-division of the world while the war was still on and the European allies were still dependent on American aid. Bullitt frankly concludes that Roosevelt should learn from Wilson's "mistake." "At the present time," writes Bullitt, "we have a real carrot and a real club." (*New Leader*, March 27.) The carrot is American aid; the club is to withdraw it from any power which refuses to make the commitments demanded by Roosevelt.

Washington, with the club held behind its back but still in sight, has refused to recognize the Soviet frontiers of June 22, 1941. As we explained in detail in our March issue ("The Class Meaning of the Soviet Victories," by Felix Morrow), the real significance of this dispute goes far beyond the question of frontiers; it expresses the fundamental antagonism between capitalism and the nationalized economy of the Soviet Union. Washington wants to prevent any extension of that nationalized economy, and to restore to their full strength the capitalist states bordering the Soviet Union. This anti-Soviet aim Stalin is resisting by his own narrowly-national and bureaucratic methods, which are thoroughly alien to the internationalist methods of Lenin and Trotsky but are, nevertheless, primarily aimed to defend the Soviet Union against capitalist aggression.

Under the exigencies of the present war situation, Washington's policy is pursued with a certain caution, but it is pursued. Despite Soviet pressure Washington has stubbornly refused to declare war on Hitler's ally, Finnish capitalism. Ostensibly this policy is aimed to get Finland out of the war as soon as possible, with Washington mediating between Helsinki and Moscow. Its actual result, however, has been to reassure the Finnish bourgeoisie that, whatever happens, Washington will still defend Finnish "territorial integrity." A Stockholm dispatch in the April 25 *New York Times* reports that three weeks earlier Washington had offered its services to the Finnish government as a go-between: "The Washington 'hint' was couched in friendly terms, although asserting it was positively Finland's last chance to obtain American intercession with Russia." But the Helsinki cabinet "did not believe it really represented a 'last chance'" and "decided to ask Hitler first." The Nazis opposed a Finnish peace now and therefore Helsinki did not take up the American offer. In short, Helsinki was ready to make peace only if both its friends—Hitler and Roosevelt—wanted it! The Finnish regime knew very well that the talk about a "last chance" was purely perfunctory. That it was right was demonstrated in the subsequent American press comment, which did not condemn the bald cynicism of Helsinki but instead clucked sympathetically about Germany's power over Finland and the difficulty for American intercession because of Moscow's extreme demands on Finland.

"THE ATMOSPHERE IN LONDON AND WASHINGTON has already encouraged the Polish government-in-exile to drop its previous pretense of harmony with the Soviet Union," we wrote in our March issue, explaining Sikorski's February 21 press statement demanding from Moscow "restoration of the pre-war Polish frontiers." Since then the Sikorski government

has kept up a running fire, climaxed by its April 17 request to the International Red Cross to investigate the validity of a Nazi charge that the Red Army had murdered 10,000 Polish officers in a concentration camp in 1940.. As a *Pravda* editorial of April 28 correctly pointed out, it is "obvious that on territory occupied by Hitlerites and in conditions of German fascist terror the International Red Cross cannot conduct any truly objective investigation, that its participation in this investigation farce must inevitably result only in gross deceit and falsification." The Nazis could easily gather bodies of Polish officers killed by the Nazis in the 1939 fighting and pass them off as victims of a Soviet massacre. Under these conditions the Sikorski move can only be characterized as an anti-Soviet act. Unfortunately its effectiveness was enormously facilitated by Stalin's frameup and execution of the Polish Jewish socialist leaders, Alter and Erlich. As we predicted and feared, Stalin's crime provided the anti-Soviet forces with a weapon which they quickly used.

It is difficult to believe that the Sikorski government would have embarked on its open anti-Soviet attacks without feeling assured that it had backing in Washington and London—especially Washington. Sikorski was here during the winter, and it is known that he gave Roosevelt a memorandum on his territorial claims; upon his return to London he began his attacks on Moscow. His government is completely dependent on Roosevelt and Churchill; can one believe that they could not have muzzled him? It is quite likely that he did not seek Washington's specific approval of his proposal to the Red Cross—no more than Helsinki asked Washington to approve its referral of its intercession offer to Hitler—but in both cases the moves are explainable only by Washington's general orientation toward bourgeois Poland and Finland. Roosevelt may be embarrassed and dismayed by the way his friends behave—but these are class friends of his, encouraged by his class support of them. The club that he holds over the Soviet Union produces their behavior.

IN ADDITION TO THE CLUB, THERE IS THE CARROT. "Mission to Moscow" exemplifies the kind of carrot Roosevelt is willing to give Stalin as part of "lend-lease" aid, as it were.

The main value to Stalin of both the book and film versions of "Mission to Moscow" is ex-ambassador Joseph Davies' endorsement of the Moscow Trials. In the book, however, Davies felt it necessary to admit that he had a different opinion at the time of the three big trials, the last two of which he attended. On the technical legal ground that by the "confessions" the state made out its case, he said he believed the defendants guilty because they confessed. But this statement of his was invalidated by the fact that he *also* said he did not believe they were guilty of the *actual charges* to which they confessed. He thought the defendants guilty NOT of these charges but of general political opposition; they were guilty of seeking to overthrow Stalin but not guilty of charges like sabotage or conspiracy with foreign governments to divide Soviet territory. In the case of Tukhachevsky and the other leading Red Army generals—whose "trial" was held secretly, if indeed it was ever held—Davies was of the opinion that they were guilty only of a plot to prevent Stalin's "party" from controlling the army. In short, at the time, Davies did not believe the official charges against any of the executed leaders. More than three years later, i.e., in June 1941 after the Nazis attacked the Soviet Union and Stalin became an ally of the "democracies," Davies had a sudden revelation that those executed had really been fifth columnists.

This belated intuition (Davies does not claim he had made

a further study of the trials) might conceivably have been thought to be an honest change of mind—except for the deliberate falsifications perpetrated in the film, which Davies personally supervised in the making. The film opens with a speech by Davies in which he says the film shows "the facts as I saw them while ambassador in the Soviet Union." But the film shows him, in the Moscow courtroom, just after some of the "confessions," loudly declaring to those around him his belief in the charges! Not a hint of the opinions he actually had at that time!

The trials were subjected to exhaustive investigation by the Commission of Inquiry into the Moscow Trials, headed by John Dewey, the famous American philosopher. The Commission's two books, "The Case of Leon Trotsky" and "Not Guilty," have never been mentioned by Davies, but somebody who worked on the film script read them and *deleted from the trial scene the "confession" testimony concerning alleged visits of defendants and witnesses to Trotsky and his son, all of which the Dewey Commission proved to be falsehoods establishing the frameup character of the "trials."* Holtzman's visit to Sedov and Trotsky in Copenhagen at the Hotel Bristol which had been torn down decades before; Pyatakoff's airplane trip to Trotsky in Oslo in a plane which never landed; Vladimir Romm's meeting with Trotsky in the Bois de Boulogne in Paris at an hour when Trotsky was at the other end of France; the equally mythical visits of Berman-Yurin and David to Trotsky in Copenhagen—all these pillars of the real Moscow Trials which were pulled down by the evidence gathered by the Dewey Commission—have been deleted from the Davies version! Undoubtedly Stalin would have given much to have the chance to do the Moscow Trials over again. What Stalin couldn't do for himself, Davies has done for him. And another thing which Stalin wasn't able to do Davies has done for him: he has Tukhachevsky confessing in the courtroom!

Thus, in addition to the original frameups there are (1) Davies' refurbishing of the trials in the light of the Dewey Commission findings and (2) Davies' new version of what he believed at the time of the trials. Frameups are piled on frameups.

Even more dishonest, if that were possible, is the film version of world public opinion on the trials. The principal items in this sequence show capitalist government officials and legislators expressing indignation. In only one of these shots is the nationality clearly identified: a Japanese diplomat expresses to the press "horror at Russian brutality." It happened only in Hollywood. This sequence takes place after the arrests but before the trials—as if the world ever knew who was arrested before the day the trials opened! The implication is cleverly conveyed that, after the trials and "confessions," most people were satisfied.

IN REAL LIFE, OF COURSE, IT HAPPENED ENTIRELY differently. World public opinion was outraged precisely by what happened at the trials. The International Federation of Trade Unions and the Labor and Socialist International cabled the Soviet government, the day the first trial was reported, demanding for the accused "defending counsel who are absolutely independent of the government." (In 1922, in the trial of the Social Revolutionaries, Lenin and Trotsky had invited these same international bodies to send attorneys and observers; Lenin and Trotsky had nothing to hide.) But Stalin dared not grant their demand; the trials were not announced beforehand precisely to prevent impartial observers from being present. The entire labor movement of the world, outside the Stalinists, including the British Labor Party, the French Socialist Party, etc., branded the trials as frameups. Outstanding intellectuals

and liberals of the United States joined with distinguished Europeans in sponsoring the Dewey Commission. Its exhaustive Report, "Not Guilty," was deemed so authoritative that it was not challenged by a single non-Stalinist organ! All this, which is indelibly set down in the historical record in headlines and thousands of columns of newspaper type during 1936-1938, Davies deliberately "ignores" in fabricating his version of the world's response to the Trials.

Nor are the trial scenes the only events which are doctored. To mention but one other instance, Stalin and Roosevelt's activities during the Stalin-Hitler pact: there is not a word about the Stalin-Hitler partitioning of Poland, Stalin's vow to Ribbentrop that Russo-German good relations are "cemented by blood," the Stalinist's agitation against the "democracies," etc., likewise nothing about American aid to Mannerheim and Roosevelt's denunciation of Stalin's invasion of Finland. Instead the Beloved Leaders are portrayed as infallible all along.

THE OFFICIAL CHARACTER OF THE FILM IS UNDERLINED by a scene showing Davies asking permission to write "Mission to Moscow," and Roosevelt answering: "You not only have my permission, Joe, but my blessing." As a last resort some apologists for Roosevelt may point out that this scene refers to the book and not to the film; and they may also appeal to the statement by OWI head Elmer Davis that the government did not pass on the film. Let Roosevelt's apologists draw what comfort they can from these loopholes. The irrefutable facts are that the Roosevelt-endorsed book itself was an endorsement of Stalin's frameup, that the Roosevelt-Davies scene was designed to endow the film with official standing and undoubtedly does so in the eyes of unsuspecting audiences, and that the same American press which branded the Moscow Trials as frameups now warmly endorses this film.

In a word, Washington has taken a partnership in Stalin's frameups, and continues them in this film. Expressing their horror at the Moscow Trials, the "democrats" at the time preened themselves that it couldn't happen here. But "Mission to Moscow" has happened in the USA. Let the "democrats" try to explain the moral difference between Stalin's frameups and the endorsement and refurbishing of those frameups by Davies, Warner Brothers and Roosevelt.

The "democracies" are all the readier to give Stalin this kind of aid because it is also a terrible blow at the revolutionary outlook and at the Soviet Union. If Lenin's closest comrades-in-arms could turn traitor, how can the workers believe in the integrity of the leaders of the Marxist movement? One character in the film likens the trials to the discovery in the United States that the Cabinet and the Supreme Court and a large part of Congress are traitors to their country. Exactly: those who think a little more deeply, and accept the Davies story, must conclude that there is something basically wrong with the Soviet Union, if so many of its leaders can turn against it. Thus, in aiding Stalin to maintain his false story, the "democracies" are poisoning the minds of millions of people against revolutionists and against the Soviet Union. That kind of "aid," plus equipment with which the Red Army can continue bleeding white Hitler's armies while bleeding itself white, is Roosevelt's carrot. Behind it always is the club, as the latest Finnish and Polish events forcibly remind us once again.

ENTRY OF BRITISH EMPIRE UNITS INTO THE U. S. as individual states like Rhode Island or Arizona was the latest suggestion contributed to capitalist "global thinking" last month. Made in an April 24 editorial in Colonel Robert R. McCormick's *Chicago Tribune*, this sardonic proposal stated:

"If the British Commonwealth and the nations of Western Europe wish to enjoy closer association with us in foreign

policy, defense, trade, currency, patents, and all the other fields of Federal jurisdiction, . . . the way to accomplish the result is clear. All they need do is adopt written constitutions and apply for membership and all we need do is accept them as we once accepted Texas. . . .

"Certainly it is difficult to see why those who say their goal is integration of the free peoples have consistently neglected the most obvious method of achieving it, and the one that would be the most acceptable to the American people. . . ."

With as straight a face as possible, the editorialist next blandly quotes the relevant provisions of the U. S. constitution, and then specifies:

"Great Britain could come into the union, for example, as four States, England, Scotland, Wales and Ireland. Canada could constitute another State, Australia, New Zealand and the contiguous islands might form still another."

Under the kidding tone, undertones of realism are audible:

"(This last should be a particularly easy transition because Australia is now aware of the inability of the British Empire to furnish protection and our ability—and willingness—to do so. Practically speaking, Australia is out of the empire today as all but the most literal minded know.)"

The editorialist then has his fun with Roosevelt's Southern Democrats:

"South Africa presents a much more difficult problem. The laws of this Dominion violate the thirteenth, fourteenth and fifteenth amendments and there is little reason to believe that the Dominion is prepared to accept our views of human freedom. . . ."

Intended by the "isolationist" *Tribune* to burlesque the numerous current plans for world federation, these words may not be found too amusing in London. For U. S. capitalist plans for post-war settlement, in their historic import, differ from Colonel McCormick's parody only in form, not in content.

The First World War converted the U. S. into the most powerful creditor nation in the world. It gave the U. S., as Terence Phelan demonstrates in this issue in "What the Peacemakers Did to Europe," a powerful voice in the European peace settlement; and, as he will show in a final article in our June issue, the rejection of the League of Nations stemmed from no mythical "isolationism," but from the belief of an important sector of U. S. capitalism that it was already so strong that it did not need such an alliance in order to establish its hegemony in the post-war world. To what extent the U.S. did impose its will on continental Europe is brilliantly shown by Leon Trotsky's "Europe and America" in our April number and in this issue. World hegemony is now dominant in U.S. capitalist thought. Its most consistent exponents today are Messrs. Henry R. Luce, Wendell Willkie, and their Goebbels, Russell Davenport (former editor of *Fortune* and the anonymous writer of the current demagogic editorials in *Life*). Mr. Luce (privately known to the hired hands of his enterprises as Il Luce) in his bombastic *The American Century*—that title alone is revealing—calls on Americans ". . . to accept wholeheartedly our duty and our opportunity as the most powerful and most vital nation in the world and in consequence to exert upon the world the full impact of our influence, for such purposes as we see fit and by such means as we see fit." [Our italics.]

Willkie, a close friend of Luce, puts it less crudely, but, as Felix Morrow shows in this issue, he stands for the same world aim.

Unless socialist revolution opens another road, Britain will end this war in roughly the same position in which France ended the last one: great political power without the economic potential to back it up. Just before France was beaten, in June 1940, Winston Churchill offered the French a chance to join the British Empire; remembering that, Churchill will not find Colonel McCormick's jocular suggestion so funny.

Wendell Willkie's Program

By FELIX MORROW

"Continuing by inertia the discussion on the liberation of the Philippines, the American imperialists are in reality preparing to establish for themselves a base in China, so as to raise at the following stage, in case of conflict with Great Britain, the question of the 'liberation' of India."—1934, *War and the Fourth International*.

Wendell Willkie's book* is of course not an objective traveler's impression but a campaign of one of the leading contenders for the Republican nomination for the Presidency. After his round-the-world trip, Willkie broadcast the substance of this book in speeches to some of the largest radio audiences of all time. Having demonstrated his ability to draw a crowd second to none, Willkie went home to Indiana in February to mend his political fences with considerable success, despite the traditional Republican taboo against a defeated Presidential candidate. "I call you now to the crusade of 1944 to save America," Willkie appealed to the Republican machine. The *New York Times* conceded that he had sewed up the Indiana delegation. California's Republican leaders have now invited him to run in the state's primary for an instructed delegation to the 1944 convention. Willkie is definitely out in front, and his book is his present platform for 1944.

Willkie lost the 1940 election (by a popular vote of 27,243,466 to 22,304,755; by an electoral vote of 449 to 82) because, despite John L. Lewis' support, he appeared as the more reactionary candidate. A public utility man, he was obviously the preferred choice of Wall Street. In reading his book, it is clear he is determined to erase the label of reactionary. This is the primary motivation for much of his recent "liberal" criticism of administration policy: against Darlanism, for "resolute and aggressive action by the people" against censorship, against "arm-chair generals in Washington" who curb free speech, his demands for more aid to Russia and China; and his appearance before the Supreme Court on behalf of a Communist Party member's right to citizenship. Willkie has the advantage of being able to criticize things which he would probably be doing himself were he in the White House. Such demagoguery is inextricably part of capitalist electioneering. As Willkie told a Congressional committee when asked about a sharp criticism he had made of Roosevelt's foreign policy during the 1940 campaign: "a bit of campaign oratory."

Willkie's slogan of anti-imperialism is also demagoguery, but of a very different order. It is a falsehood necessary to the American capitalist class as a whole, central to its task during the coming crucial years. Only secondarily does it serve a partisan purpose, as when he complains that "Before I left the country I was unable to get from officials of the government—high officials—any reassurance that the Atlantic Charter was meant to apply to the whole world." Here Willkie is simply taking sly advantage of the fact that Roosevelt must express himself more cautiously than private citizen Willkie. He and Roosevelt, and the weightiest sections of the capitalist class, are in substantial agreement on their world aims. In this connection Walter Lippman is quite correct when he says:

"Much has been made out of the differences among those who, like Messrs. Wallace, Hull, Welles, Hoover, Willkie and Stassen, are hammering out on the anvil of debate the next phase of American policy. But in fact the differences are small, often merely verbal, whereas the

amount of common understanding and common purpose is remarkable." (*New York Herald-Tribune*, February 2.)

What that common purpose is, and must be, can be stated in a few words. The United States emerged from the first world war as its principal beneficiary, superior to all the other empires in industrial technique, trade balance, stable currency, with Europe in its debt. These advantages and the internal market sufficed to maintain U.S. economy for more than a decade after the war—years in which Europe was being ruined. But this base became insufficient and the crisis began in 1929. The New Deal, with its pump-priming and social concessions at home, and the "Good Neighbor" policy, with its financial investments and trade agreements abroad, failed to ameliorate the drawn-out "depression." This was clear even before Nazi Germany and Japanese imperialism proceeded to narrow the already-too-small base of American imperialism. Hence the tasks of the coming war could not be limited to crushing them; that is only preliminary to the U.S. moving into the spheres of its present allies.

This greatest of all imperialist enterprises Willkie labels "anti-imperialism." He does so by the threadbare device of identifying imperialism exclusively with the forms of direct rule characteristic of the British, French and Dutch empires, whereas "American business enterprise, unlike that of most other industrial nations, does not necessarily lead to political control or imperialism." This definition whitewashes dollar imperialism, the characteristic form of U.S. domination. But the only difference between it and its rivals was stated by the Japanese envoys, in one of their last interviews with Hull, when they complained that Japan was "too poor" to employ American methods.

The difference between the two types of imperialism is expressed in the difference between colonies and semi-colonies. In neither case is there much difference in the intensity of economic exploitation of the masses. For example, the U.S.-dominated banana republics of Central America, while politically "independent," are as thoroughly exploited as British Honduras.

Dollar imperialism has one great advantage over its rivals. It provides the "ruling" native bourgeoisie with somewhat larger scope and rewards than under the poorer imperialisms. There is of course no moral superiority in dollar imperialism. British capitalism would prefer to use the American methods, but does not have America's wealth, and would long ago have been elbowed aside by America in India if the British Viceroy did not rule in New Delhi. Nor is dollar imperialism pacifist between major wars: when confronted with any resistance it resorts to the direct use of force (the marines in Nicaragua, Pershing's expedition to Mexico) or political control (Washington's refusal in 1934 to recognize the Grau San Martin government in Cuba was enough to overthrow it).

It is this dollar imperialism, labelled as "anti-imperialism," which Willkie proposes to extend throughout the world by "liberating" the British, French and Dutch empires.

All U.S. capitalist spokesmen agree on their world aims; their only disagreements concern method. The House of Morgan, for instance, proposes that after crushing Germany and Japan

*ONE WORLD, by Wendell Willkie. 86 double pages. Simon & Schuster, 1943, \$1 (paper cover).

the U.S. should return essentially to the forms of domination it employed between the two wars. The British Empire (J. P. Morgan & Co. are silent about the Dutch and French domains) should be left intact, to serve as junior partner in exploiting the world. For London knows how to "manage" colonial peoples and thus save Washington much trouble; and Britain would be a reliable ally in coming struggles, above all against the Soviet Union. This is substantially the argument made by the head of the House of Morgan, Thomas W. Lamont, in a three-column letter in the February 14 *New York Times*, obviously directed at Willkie's attacks on the British Empire. "If Britain were to be crippled [by the loss of empire] can we then lean securely on Russia? on China? Lamont asks, and answers no. He concludes that the U.S. must have a powerful British Empire, at its side with which

"We can work together because of our common acceptance of certain fundamentals—our instinct for justice and fair play, our preference for an orderly world . . . our convictions that individual enterprise and democracy are inextricably dependent each upon the other. Finally, the English are the people with whom we share our fundamental religious convictions. . . ."

Lamont's hypocritical formulas are those of a by-gone day; Willkie's are streamlined instruments of the present epoch of American imperialism. The hoary appeal to religion is senile compared to the slogan of anti-imperialism.

Lamont's proposal to repeat the 1918-29 method of trying to "put Europe on rations" (as Trotsky called it) is for Willkie like trying to revive the horse and buggy. British government of India, Chinese seaports, the Middle East, must be broken. Then the U.S. and Britain can compete on equal terms in those markets, i.e., America's overwhelming financial and industrial superiority will assure it the lion's share.

As for the argument—urged by many figures in the State Department—that Britain knows better how to "manage" the colonial peoples, Willkie reports a talk with British officers in Alexandria:

"I tried to draw out these men, all of them experienced and able administrators of the British Empire, on what they saw in the future, and especially in the future of the colonial system and of our joint relations with the many peoples of the East.

"What I got was Rudyard Kipling, untainted even with the liberalism of Cecil Rhodes . . . these men, executing the policies made in London, had no idea that the world was changing . . . no one of them had ever thought of it [the British colonial system] as anything that might possibly be changed or modified in any way. . . . That evening started in my mind a conviction which was to grow strong in the days that followed it . . . that only *new* men and *new* ideas in the machinery of our relations with the peoples of the East can win the victory without which any peace will be only another armistice." (P-8, my italics.)

by 'new men' and "new ideas," it is abundantly clear, Willkie means not British but American.

His hardly-concealed contempt for the British colonial rulers is moderated by the exigencies of the war situation; his criticisms (including a highly indignant description of the public health and economic conditions of the Middle East, which sounds like a description of the American rural south) are coupled with perfunctory indications of regard for some officials and things British. The same exigencies are less pressing in the case of the Dutch and French allies. He ignores Queen Wilhelmina altogether, taking it for granted she will never regain her colonies. He dismisses the Giraudists in the name of protest against the Darlanist policy of "expediency," but he is even more venomous toward De Gaulle. Willkie—or his literary helper—writes de-

vastatingly ironical passages about the General. In Beirut they talked in De Gaulle's private room

"where every corner, every wall, held busts, statues and pictures of Napoleon. Frequently the general, in describing his struggle of the moment with the British as to whether he or they should dominate Syria and the Lebanon, would declare dramatically, 'I cannot sacrifice or compromise my principles.' 'Like Joan of Arc,' his aide added." (p. 11.)

Willkie On Revolution

Willkie's estimate of the incompetence of British colonial rule is buttressed with a fairly frank picture of the revolutionary ferment in the colonial world:

"A great process has started which no man . . . can stop. Men and women all over the world are on the march, physically, intellectually and spiritually. After centuries of ignorant and dull compliance hundreds of millions of peoples in Eastern Europe and Asia have opened the books. Old fears no longer frighten them. They are no longer willing to be Eastern slaves for Western profits. . . . The big house on the hill surrounded by mud huts has lost its awesome charm.

"Our Western world and our presumed supremacy are now on trial. Our boasting and our big talk leave Asia cold. Men and women in Russia and China and in the Middle East are conscious now of their own potential strength. They are coming to know that many of the decisions about the future of the world lie in their hands. And they intend that these decisions shall leave the people of each nation free from foreign domination, free for economic, social and spiritual growth." (p. 85.)

Roosevelt did not permit Willkie to go to India on his trip. But he manages to draw India into the picture: "the question which has become almost a symbol all through Asia: what about India? . . . From Cairo on it confronted me at every turn."

These revolutionary upheavals in the colonies, Willkie is saying, cannot be suppressed by the traditional methods of the British, French and Dutch imperialists. After witnessing large-scale maneuvers of a Chinese army in training, he says:

"For me, what I saw that afternoon and was to see again and again in China marked the end of an era—the era in which 400,000,000 Chinese could be kicked around by any army, Japanese or English or American, for that matter."

"Surely we Americans can read the handwriting on the wall." The handwriting dooming *Britain's* rule in Asia. "No foot of Chinese soil should be or can be ruled from now on except by the people who live on it." Furthermore, China wants freedom not only for itself but also "a free Asia," i.e., the end of British rule in India. "Perhaps the most significant fact in the world today is the awakening that is going on in the East." Not Britain but China must be America's principal ally (agent) in Asia. "We must decide whether or not we can ever find a better ally in eastern Asia than the Chinese, and if the answer is negative, as I predict it will be, then we must be prepared to fulfill the obligations of an ally." (P. 64.)

If the U.S. were to support British colonial rule, then the colonial revolutionists would turn not only against Britain but also against the system of world capitalism, Willkie warns. This process is imminent not only in India but also in the apparently quiet Middle East:

"In every city I found a group—usually a small group—of restless, energetic, intellectual young people who knew the techniques of the mass movement that had brought about the revolution in Russia and talked about them. They knew also the history of our own democratic development. In their talk with me *they seemed to be weighing in their minds* the course through which their own intense, almost fanatical, aspirations should be achieved." (P. 11, my italics.)

In other words, these intellectuals, if left without allies in the capitalist world, will turn to socialist revolution. Willkie is particularly alarmed by the "complete absence of a middle class" in the Middle East and the consequent chasm separating the great masses from the handful of landowners.

Willkie's Turkish Model

Turkey receives a special chapter in Willkie's book and it is often mentioned in his speeches. "Turkey, today, is a symbol which stands for something more than half the human race." More exactly, it is the symbol of the kind of national revolution that Willkie would like to see in the colonial world. It is a "safe" revolution—safe for world capitalism. That it is "safe" because the Turkish bourgeoisie crushes opposition among the masses with ruthless ferocity, maintaining a totalitarian regime in which only the Peoples Party is permitted a legal existence, Willkie—ostensibly the protagonist of democracy as well as independence—deliberately ignores. More, he has the effrontery to say of this regime that "it looked good to me because I thought I saw . . . that the ideas of increasing health, education, freedom, and democracy are as valid in the oldest portions of the world as they are in the newest." (P. 17, my italics.)

He is ready to call this freedom and democracy because Turkey now exhibits one supreme virtue: it is moving into the orbit of America. This is what he means by the "deeper trend of the awakening people of Turkey towards closer relations with the world's great democracies." These "democracies" do not include Britain. It was British destruction of the Ottoman Empire which reduced it to its Turkish core, and Lloyd George attempted to reduce that to a semi-colonial status by instigating the Greek war of 1920-22 against Turkey. With its ties to the insurgent Moslem masses of the British colonies and its friction with Greece and other British spheres of influence, Turkey has remained anti-British. Its orientation to the U.S. would provide Washington with an important base for Asiatic and Islamic agitation against the British Empire. Nor are its economic resources negligible. "They produce nearly one quarter of the world's supply of chrome. Their tobacco and their cotton are badly needed by other countries," Willkie writes. "And I have been greatly pleased that since my return we have been sending them increasingly large quantities of foodstuffs and other materials."

Willkie says nothing about Soviet-Turkish relations except to note discreetly that Turkey "is troubled about Russia's ultimate designs," but it is obvious he has thought much about the significance of Turkey's increasing trend away from the Soviet Union.

Lenin granted Turkey extremely generous frontiers and supplied a considerable part of the arms for Turkey's struggle against Greece. The large volume of Soviet trade and technological aid in building its infant industries made possible Turkey's continued independence. Despite enormous British-French pressure to force it into the League of Nations, and thus into their sphere of influence, Turkey remained outside with the help of its Soviet neighbor. At the Lausanne Conference (1922-23) firm Soviet backing saved Turkey from a revival of capitulations (imperialist courts for foreigners on Turkish soil, etc.). But as Stalinism revealed more and more its narrow national outlook, Soviet-Turkish relations worsened, especially when Stalin entered the League of Nations. Finally, Stalin's seizure of "strategic frontiers" during his pact with Hitler aroused in Turkey the fear that he would eventually attempt to seize the strategic Dardanelles. The Turkish bourgeoisie began to look for an imperialist patron, a process inevitable for the bourgeoisie of any small or economically backward country, and which it had hitherto been saved from only by leaning on the Soviet Union.

Here is a significant instance of how the USSR has lost its attractive power under Stalinism; Willkie wants to take full advantage of it.

Were he successful, his Turkish model would look very different in a few years. It would inevitably tend to lose the real content of independence to the American monopolies. Willkie is holding up this model to the view of the colonial world at the moment when the model still looks its best. But there was a time when the banana republics were as independent as Turkey is now.

Willkie on the Soviet Union

With a few demands for a second front and inclusion of the Soviet Union in the top council of the "United Nations," Willkie quite cheaply won for himself the plaudits of the Stalinist press as a "friend" of the USSR. Some of the more stupid elements of the Republican Party also took his praise of Stalin as good coin, and his rivals for the Presidential nomination are trying to use it against him. Thus Governor Stassen, reviewing Willkie's book in the April 11 *New York Times*, writes: "There would seem to be an overemphasis of the wrongs of the British colonial administration and an understatement of the evils of comunism." But this is the small-change of inner-party politics, and Willkie depends on the nomination primarily through the superiority of his program. He is confident that the weightiest sections of the capitalist class will understand his program for what it really is, valuing it all the more for its liberal veneer.

Willkie's book is colder to the Soviet Union than his speeches last October, when the Red Army was on the defensive: like the capitalist class as a whole his ardor cooled during the Red Army's winter successes.

There are hotly-debated differences within the American ruling class concerning policy toward the Soviet Union. One group, represented by the *New York Times*, is opposed to conceding to Stalin the frontiers he demands (the Baltic states, Bessarabia, the territories seized in 1939-40 from Poland and Finland). Another, for which the *New York Herald-Tribune* speaks, is more conciliatory. These differences, however, are within the framework of a common outlook. All responsible spokesmen for American capitalism are agreed that the exigencies of the war, and the moral prestige of the Red Army as bearer of the main brunt of the Nazi attack, dictate an attitude of ostensible friendship toward the Soviet Union for the present. Equally, all are agreed that the nationalized property of the Soviet Union constitutes a mortal danger for capitalist private property and must be hemmed in as much as possible until that day they dream about when the Soviet Union will be destroyed or the Soviet bureaucracy will be compelled to reinstitute private property.

But what should they do about the USSR in the immediate future? Willkie warns that "Europe in 1917 was probably in much the same mood" as he found everywhere on his trip. "Then, in 1917, Lenin gave the world one set of answers," he ominously reminds his class.

Dare American imperialism refuse to come to terms with Stalin, in the face of the coming revolutionary wave? This is the question which Willkie poses in roundabout language. He is extremely cautious about what he would offer Stalin in return for his aid in crushing revolution. He does not concede Stalin's frontier claims; he avoids that by pretending that what Stalin wants is not yet known and criticising "the failure of Mr. Stalin to announce to a worried world Russia's specific aspirations with reference to eastern Europe." But he also warns the die-hards of his own class that they cannot expect that the USSR will be so weakened by the war that Stalin can be bought

cheaply. "I must admit in all frankness that I was not prepared to believe before I went to Russia what I now know about its strength as a going organization of men and women," he records; and he even speaks of "Russia and America, perhaps the most powerful countries in the world. . . ."

He makes the usual pseudo-democratic criticisms of Stalinist totalitarians—which he falsely attributes to Marxism—but he also has uneasy clear insights into the sources of Soviet strength. It came to him with something of a shock "That there is hardly a resident of Russia today whose lot is not as good as or even better than his parents' lot was prior to the revolution." He sees how the nationalized economy, though still lagging behind American technique, is expanding at rates never equalled by capitalist production in its progressive period—not to speak of present capitalist stagnation—and how it provides scope for the energies and talents of the great masses even under Stalinism. He summarizes this fact in the words he attributes to a Soviet engineer whom he had told that he had no freedom:

"He drew himself up almost belligerently and said, 'Mr. Willkie, you don't understand. I've had more freedom than my father and grandfather ever had. They were peasants. They were never allowed to learn to read or write. They were slaves to the soil. When they sickened, there were no doctors or hospitals for them. I am the first man in the long chain of my ancestors who has had the opportunity to educate himself, to advance himself—to amount to anything. And that for me is freedom. It may not seem freedom to you, but, remember, we are in the developing stage of our system. Someday we'll have political freedom, too.'"

This statement on the significance of the nationalized economy is colored first by a Stalinist apology for the lack of political freedom and second by Willkie's philistine formulation of it. Even so, it betrays his involuntary respect for the enduring foundations of the October revolution.

After his return from the Soviet Union, Willkie's first speeches indicated confidence that the U.S. would find it quite easy to bring Stalin into line. That, however, was before the Red Army's successes. Now he warns the die-hards that the Soviet government is weighing various alternatives:

"What is Russia going to do? Is she going to be the new disturber of the peace? Is she going to demand conditions at the end of the war that will make it impossible to re-establish Europe on a decent peaceful road? Is she going to attempt to infiltrate other countries with her economic and social philosophy?"

"Frankly, I don't think anyone knows the answer to these questions; I doubt if even Mr. Stalin knows all the answers."

"Obviously, it would be ridiculous for me to attempt to say what Russia is going to do . . . but there's one thing I know: that such a force, such power, such a people cannot be ignored or disposed of with a high hat or a lifting of the skirt." (P. 42.)

With an eye to Republican critics like Stassen who are labelling him as insufficiently anti-Soviet, Willkie cautiously concludes that "I believe it is possible" for Russia and America "to work together. . . . At least, knowing that there can be no enduring peace, no economic stability, unless the two work together, there is nothing I ever wanted more to believe." Beset on the one hand by rabidly anti-Soviet capitalists and timid politicians who keep putting off the problem of finding agreement with Stalin, and on the other hand uneasily discerning that the revolutionary dynamics of the nationalized economy both strengthen Stalin's hand and may get beyond his anti-revolutionary control, Willkie finally ends up with no policy at all toward the Soviet Union for the immediate future. He keeps repeating that "it is clearly necessary to reach substantial agreement with

our allies," but what that means in the case of the Soviet Union remains an enigma when Willkie's book is finished. It is an empty generality, to be filled with as much anti-Soviet content as the relation of forces will permit as events unfold.

What Willkie Leaves Out

Let us concede that Willkie sincerely desires a world of formally independent nations living at peace with each other. Let us even grant that he would not want to send marines to open doors which some nations might insist on closing, and that he would go to great lengths to remain at peace with the Soviet Union. At this point Willkie's program leaves off. But where he stops the real problems of American capitalism begin.

As if it were not obvious enough, Churchill has told Willkie that he has not come to preside over the dissolution of the British Empire; "We mean to hold what we have." Willkie was, he says, "shocked" by those words, but that will not change Churchill's mind. It will take the bloodiest convulsions in the history of mankind to win the independence of the subject peoples of Britain, above all India's four hundred millions. "Without India the British Empire could not exist," said Lord Curzon in 1892, and it became truer with every passing day as Britain's commercial and industrial superiority waned. Curzon warned the British bourgeoisie that its last desperate battle will be in Asia: "The future of Great Britain . . . will be decided not in Europe . . . but in the continent whence our emigrant stock first came, and to which as conquerors their descendants have returned."* Unless forestalled by a proletarian revolution in England, the British bourgeoisie will fight in India so long as it can mobilize cannon fodder.

To smash British rule will require a gigantic effort of the colonial masses. To summon the Indian masses into the struggle against Britain, however, means to encourage their own demands—against the landlords and usurers and capitalists. Hence the colonial bourgeoisie fears to summon the masses, and is therefore incapable of overthrowing British rule. The Indian bourgeoisie has demonstrated this once again during the past year. One can predict with confidence that the struggle for independence at the next stage in India will be directed not only against the British Raj but also against the Indian landlords and capitalists. That is not what Willkie prescribes, but history will not follow his recipe.

Willkie's Turkish model is not the mirror of India's future. The Turkish landlords and capitalists were an experienced and able ruling class, long accustomed to govern although handicapped by the Sultanate and the church hierarchy. When the long-ailing Ottoman Empire was finally dismembered, the Turkish bourgeoisie, still ruling Turkey proper, threw off their archaic handicaps; Kemal Pasha, leader of the "Young Turk" revolution, was at the time the Sultan's Inspector-General, i.e., actual ruler of Anatolia, the core of Turkey. Even this firm grip of the bourgeoisie did not prevent the rise of a mass movement and a Communist Party, which Kemal Pasha had to go to great lengths to destroy—including the formation of his own "Communist" Party.

In China, Willkie's other model, the struggle against British imperialism in 1925-27 speedily turned into social revolution; the mass strength that organized to smash Britain's puppet warlords also struck at landlordism. Chiang Kai-shek succeeded (with Stalin's aid) in crushing the revolution, but at the cost of halting and backtracking China's march to independence.

If this happened in semi-colonial China, where the Chinese bourgeoisie began with its own provincial governments and its

* Hon. George N. Curzon, *Persia and the Persian Question*. London, 1892, Introduction.

own armies, what would happen in colonial India where the native bourgeoisie can begin with nothing but the elemental masses striving for their own ends? Willkie proposes independence for India as an alternative to social revolution; but in the living process they are one and the same.

Even if, by waging war against Britain, the American capitalists directly intervened to help "liberate" India, American troops "aiding" the Indian bourgeoisie as a substitute for the masses in driving out the British, the final result would be the same. Either the American troops would remain, merely replacing the British oppressors, and the struggle for independence would go on with the added advantage that the Indian masses would be fighting new rulers unfamiliar with the intricate problems facing them. Or, once the American troops withdrew, the insoluble problems of the Indian bourgeoisie, above all the agrarian revolution, now held down only by British armed support of the landlords and usurers, would explode.

What would the British bourgeoisie do at the first slight indications of concrete American support of Indian "independence"? To strip the British might be relatively simple if the two empires were to fight it out in a vacuum. But there are other powers in the world—and the Soviet Union. Faced with the loss of empire, the British bourgeoisie would resort to the most desperate measures against the U. S., including even turning toward Stalin. Even now Willkie, if he were in the White House, would be hard-put to decide the daily problems arising in the three-cornered jockeying among British, the U. S. and the Soviet Government.

The "democracies" have still to crush Nazi Germany. They are doing all they can to manage it so that the Soviet Union will emerge hopelessly weakened. But the Soviet Union is not the passive object of their strategy, as has been demonstrated by the Kremlin's reactions to their encouragement of Sikorski's

attacks. London seeks to restrain Washington for fear that Stalin will be driven to the point of desperation where he will gamble in Europe, as he is already doing with the partisans in Yugoslavia and Poland, with forces which in the end may slip from his control and unleash the proletarian revolution in Europe. And London uses its own fears as evidence in Moscow that it is "friendlier" than Washington. Stalin, who fears revolution as much as Roosevelt and Churchill, at the same time is equally fearful of their designs.

While this jockeying goes on, the forces of revolution are accumulating under the Nazi boot in Europe, under the Japanese in the Pacific, under the British in India, under Chiang Kai-shek. All three "allies" understand very well that what is needed is a firm policy, whether with or against each other in order to meet the coming revolutionary wave. But while they maneuver for position among themselves, the wave may burst over their heads. Willkie's empty generalities about "one world" fail to provide his class with the solution for this immediate situation. Yet the most important question in politics is precisely this: What next?

Finally, Willkie reckons without his host—the American workers. Apart from clucking sympathy for the Negroes, he has not a word to say about the toilers of the U.S. If this book is any criterion, his 1944 platform will differ from that of 1940 only in offering the workers a pot of gold outside the United States. The first assumption (hope) of Willkie's world program is that the American capitalists will have a free hand at home. But, as the miners are just now forcefully indicating, the collapse of Hitler will be the prelude to class struggles at home which may curtail Willkie's adventures abroad very quickly. Not in the historical sense in which it is always true, but also in the most immediate sense, we are confident, Willkie will find that the main enemy is at home.

Roosevelt's "Hold the Line" Order

By WILLIAM F. WARDE

"The executive order I have signed today is a hold-the-line order," asserted Roosevelt in his April 8th decree freezing wages and jobs. But, we need to ask, what line is the President holding and for whom is he holding it?

Capitalist circles from the *New York Times* to the Southern coal operators applauded Roosevelt's action. John L. Lewis, against whose miners' union the order was immediately aimed, voiced the unpublished sentiments of the majority of the workers when he stated that the President's edict made "the rich more affluent and the poor more despairing."

These opposing class responses to Roosevelt's decree testify to its true character. In freezing jobs and wages Roosevelt is "holding the line" for Big Business. The more conscious American workers are beginning to grasp this fact. The President's edict has unmasked the capitalist bias of his administration and unsettled his coalition with organized labor. Obviously there must be extremely powerful forces at work imposing this course upon Roosevelt.

These forces arise out of the economics of the war. The Second World War is the costliest of all wars, the most gigantic undertaking of American capitalism. The United States will spend around a hundred billion dollars this year. Although Congress has just raised the national debt limit to 210 billions,

it is an open secret that this is a provisional stopping point; nobody knows what the ultimate costs will be.

How will this war be paid for and who is going to pay? This financial problem confronts Washington every day. As the executive head of the government of American capitalism and commander-in-chief in its fight for world domination, Roosevelt's administration has been signally successful in augmenting profits. Corporate earnings for 1941, 1942 and 1943 in many cases exceed those of 1929. The monopolists are hijacking the Treasury. Representative Jones of Ohio declared in March that the shipowners, unless forestalled will soon "have a cool billion dollars of which the taxpayers will be defrauded." And these profiteers constitute only a single detachment of the Looter's Legion of Big Business now raiding the public funds.

Despite all his talk about "taking profits out of war" and "imposing reasonable limits upon profits," Roosevelt does not freeze profits. While Big Business grabs billions in profits, new plants, machinery and subsidies, the American masses are called upon to pay for the war. Stripped of all pretenses, Roosevelt's edict is designed to keep profits up and to drive down the living standards of the people. That is the real purpose of his action.

Elliot V. Bell, New York State Superintendent of Banks, explained in the January 3 *New York Times*: "At bottom, the

problem of a war economy is to reduce the standard of living of the civilian population, so that a greater proportion of the national production can be diverted to war." Without mentioning the profiteers, this financial writer does expose one of the main aims of Roosevelt's economic program. The entire complex mechanism of taxation—enforced savings, war-loans, price-controls, rationing, checks on installment-buying, wage-and-job freezing, etc.—which his administration has devised or, more precisely, improvised, is directed toward "reducing the standard of living of the civilian population" in order to maintain profits and make the masses pay for the war.

How far are living standards to be depressed? Officials like the departed Henderson have spoken of a drop below 1932 conditions. However, specifications for a "bedrock war economy" have already been published which go below these levels. No one in Washington knows where the line can or will be drawn because that depends not upon them but upon the progress, length and outcome of the war. What is absolutely definite is the fact that standards will and must be slashed to ever-lower levels. This is the line Roosevelt is not only "holding" but driving for.

This policy is far too drastic to put into effect at one stroke. Roosevelt has so far tried to carry it through by successive measured steps in order to disguise his real intent, to soften the shocks and to reduce the political consequences to a minimum. But during the past year the economic problems of American capitalism have become so aggravated and the inflationary tide so strong and sweeping that there is less room for gradual measures and maneuvers. And so, in the words of John L. Lewis, Roosevelt has driven his knife "into the hearts of the miners" and the rest of the laboring masses.

Roosevelt: Wage-Cutter No. 1

Roosevelt cannot invent any new methods of paring down the workers' living standards. He can only resort to the traditional tested means used by capitalists for centuries to super-exploit their wage-slaves. These fall into four categories: 1. Prolong the working day; 2. Increase the intensity, and thereby the productivity of labor; 3. Cut wages; 4. Abolish social gains and reforms.

With patriotism as a pretext the executive head of the government is openly carrying out today Big Business' program for beating down the working class. Thanks to the war and the submissiveness of labor's official leadership, the dictates of the bosses have become clothed in federal authority and backed by increasingly centralized government coercion.

The public servants of the monopolists are trying to put over their anti-labor program by a lying campaign around the question of inflation. They say that wage freezing is necessary because wage increases are the main cause of price rises. Morgenthau, for instance, declares that it is imperative to "check inflation at its source: the wages and salaries of workers."

This fake argument is invoked to cover up the profiteers and to disguise the real roots and actual operation of the current inflation. What are the real relations of wages, prices and profits? Wages are related most closely, not with prices of goods, but with profits. As a rule, if wages fall, profits will rise; if wages rise, profits will fall. The more profits the capitalists make, the less wages the workers get, and vice versa.

While a general rise in the rate of wages would immediately cause a fall in the rate of profits, it would not necessarily cause a commensurate rise in prices. The commodity price level is determined by a different set of economic factors than the prevailing proportional division of the national income between the capitalist and working classes. So far are wages from being the

primary determinant of prices that high-priced labor, like that in the United States, is able to produce cheap commodities.

Under present conditions of production American labor stands in an especially advantageous position to obtain higher wages. Labor is scarce; the demand exceeds the supply. The powerfully organized labor movement would soon have the industrialists by the throat and make them cough up part of their exorbitant profits. Big Business needs a strong arm to keep labor in line with capital's need for self-expansion. Just as the police, armed with state power, enter a strike situation to help the bosses and suppress the strikers, so Roosevelt has intervened as a dictator between organized capital and organized labor. He has exercised the authority of his office to tip the balance of class forces back in the bosses' favor. His wage and job freezing edict has been issued, not to keep prices down, but to keep organized labor down and to hold capitalist profits up!

This is not all. Real wages cannot even be permitted to remain at their former levels; they must be whittled down. Therefore, taxes, more taxes, and then a few more. Therefore, forced loans and contributions. Therefore, encourage the speed-up, break down the working conditions and erase the safeguards won over decades of struggle and sacrifice; restore the piece-work sweatshop under the label of "incentive plans"; stretch out the work week. Every patriotic note has been sounded to impose this profiteers' program upon a prostrate labor movement.

What if the workers balk against accepting such policies and practices? Then suppress their right to strike, terrorize and blacklist their more militant leaders. If individual workers by the droves start to leave their slave-shops to better themselves, then shackle them to their employers by freezing jobs. McNutt's War Manpower Commission did this to 27 million workers on April 17. Thus the Roosevelt administration is trying to rob the workers of all means of preventing the bosses from treating them like serfs.

Alongside these direct methods of stripping the workers for the benefit of the bosses and their war, there is the insidious method of currency depreciation. The ever-growing volume of money in circulation diminishes the real value of the dollar. Although the worker seems to be getting as much or even more money in his pay-check, he is really receiving less and less as the purchasing power of the monetary unit decreases. The continuous rise in prices coupled with the drop in the real value of the dollar constitutes in effect a serious cut in the workers' wages.

Alice-in-Wonderland had to run twice as fast to stay in the same place; so American workers today need twice their wages in order to maintain their accustomed living standards. Washington, however, is bent upon slashing those standards. The one commodity, above all others, that must be controlled in price and driven far below its real value is the only commodity the worker has to sell: his own labor power.

Can Roosevelt Stabilize Prices?

Murray, Green, Hillman and the Stalinists justify Roosevelt's freezing of wages and jobs on the ground that he will stabilize prices. Ever since the war began the President has been promising to turn this trick. This edict marks his third effort in a year to hold the line on prices. On April 27, 1942 Roosevelt proclaimed his seven-point program with the assurance that it would "prevent any substantial rise in the cost of living." OPA administrator Henderson asserted in his first quarterly report to Congress that "the President's program will prevail and the battle against inflation will be won decisively."

Now the White House admits that the battle is at the point of being lost. Prices have marched upward. Price-enforcement has broken down. Evasions and violations have become a popular jest and a national scandal. The entire nation is angered by the anarchy and inequality engendered by the price-regulators.

We can believe that Roosevelt would prefer to restrain price-rises. "He would if he could, but he can't." It is important to understand why.

The fundamental reason why Roosevelt can't prevent the price level from rising lies in the fact that the underlying motive forces of inflation are beyond his control. They are rooted in the chaotic conditions of world capitalism and the economic consequences of the war. Prices control Roosevelt; he cannot control them.

Moreover, the government's fiscal policy itself keeps generating inflation. This was pointed out in a study entitled: "War-Time Control of Prices," undertaken by the Brookings Institute at the War Department's request and published in 1940. The author of this semi-official report emphatically stated that price ceilings do "not touch one of the most important causes of price advance, namely, fiscal inflation. Since it does not prevent the operation of a primary inflationary force, nearly all prices may in due course be expected to go through the ceiling if sole reliance is placed upon it. However elaborate the administration that is established, the price-control will be inadequate because it does not strike at a primary source of the difficulty."

The best Roosevelt's price regulations can do is slow down a bit here and there the rate of the rise in prices. He cannot fulfill his promise to stabilize the price level of commodities.

Roosevelt's sole major success to date along the line of price fixing has been the fixing of the price of labor.

By operating through subordinates Roosevelt has hitherto contrived to avoid much direct personal responsibility for the anti-labor acts of his administration. The harsh measures he has now instituted by decree in his own name have served to clarify the reactionary pro-capitalist content of his domestic war policies and to disillusion many workers. This can lead to a breakup of Roosevelt's long-standing coalition with organized labor, or to an alienation of a significant section of it.

Warnings to this effect have been issued to the President by his advisers in the labor and liberal press. These servile supporters ignore the fact that Roosevelt cannot conciliate the labor movement today in the fashion of yesteryear. His regime has entered the period of counter-reforms when it must try to take away those few concessions labor fought for and won in pre-war days.

What a pitiful role the CIO and AFL leadership has played in this situation! By surrendering the strike weapon, they delivered the workers to the bosses who have taken full advantage of the union's impotence. They have led the unions into the traps and squirrel-cages of Federal Mediation and War Labor Boards. By backing the President's seven-point program, they cleared a path for his freezing of wages and jobs. Now, alarmed at the consequences of their own actions and by the mounting revolt in their ranks, Murray, Green, et al are bleating against the "severity" of Roosevelt's edict while continuing to conform to it.

The militant workers will have many grievances to settle with this perfidious leadership as soon as they regain their independent class action.

What the Peacemakers Did to Europe

By TERENCE PHELAN

EDITOR'S NOTE: This is the second in a series of three articles by Terence Phelan on the Versailles Peace. They are an answer to the current claim that American participation in a league of nations would have saved the world; that, unfortunately, as Vice-President Wallace puts it, Americans "were not willing to give up certain of their international rights and to shoulder certain international duties." Comrade Phelan's articles puncture this pseudo-internationalist demagoguery by documentary evidence that the U. S., in the Supreme Allied War Council and at the Peace Conference, so thoroughly laid the foundations for the resultant crises, fascism, and war, that its entry or non-entry into a league of nations would have made no significant difference. The first article, "Woodrow Wilson and Bolshevism," in our April issue, demonstrated that the main preoccupation of the Paris Peace Conference was to crush the young Soviet Republic.

Winston Churchill frankly summarized the feelings of the Peace Conference delegates as they took their seats on the revolutionary volcano:

"When the great organizations of this world are strained beyond the breaking point, their structure often collapses at all points simultaneously . . . [In Germany] the faithful armies were beaten at the front and demoralized from the rear. The proud, efficient Navy mutinied. Revolution exploded in the most disciplined and docile of states. . . ."

"Such a spectacle appals mankind; and a knell rang in the ears of the victors, even in their hour of triumph." [*The World Crisis*, London, 1927, vol. IV, p. 540. Our italics.]

The direst tolling of that knell, as we have seen, had reached their ears from the new Soviet Union. But closely rivaling it were the clangorous reverberations that Churchill heard from across the Rhine. Even before the Armistice, the alert Colonel

House was alarmed: on October 30, 1918, he cabled Wilson concerning a conversation with Clemenceau:

"I pointed out the danger of bringing about a state of Bolshevism in Germany if the terms of the armistice were made too stiff, and the consequent danger to England, France, and Italy. . . ."

The German rulers were identically worried. House again reported during the Armistice negotiations:

"I have just seen Foch who has given me a *proces-verbal* [of the interview with the German delegates, who] . . . say that they will be overwhelmed by Bolshevism if we do not help them resist it, and that afterward we shall be invaded by the same plague." [*Idem*, p. 139.]

We have already described (*Fourth International*, February, 1943, p. 40) how the German workers and soldiers, their courage galvanized by the Soviet October, put an end to Kaiserism and made their bid for socialism; and how the leaders of the Social Democratic Party helped the capitalists strangle the German revolution. In that strangulation, the Allies played a major part. The savage Allied interventions against the Soviet Union had already demonstrated to what extent German capitalism could rely on the aid of its erstwhile enemies to smash a workers' revolt; simultaneously the Social Democratic leaders held the workers back with the cry: "If we make a revolution, the Entente will move in to crush it!" As early as October

**Intimate Papers of Colonel House*, vol. IV, *The Ending of the War*, pp. 118-9.

18, 1918, a Manifesto of the Executive Committee of the Social Democratic Party had warned that revolution "would only . . . stimulate the lust of conquest by our enemies"—this being precisely that revolution, beginning November 9, which was to raise these gentry to governmental power. Once in power, of course, they became more reactionary than ever. When the Workers' and Soldiers' Councils (Soviets) were discussing the form of government to be created—whether the Soviets should keep the power or turn it over (as they fatally did) to a Constituent Assembly—the Supreme Allied War Council made a sharp declaration that it would not "negotiate with the representatives of any one class"—i.e., with a government of workers' soviets. The Social Democratic leaders sang the same tune. Thus Scheidemann, at the November 19, 1918, meeting of the Berlin Councils, appealing for the Constituent Assembly, warned that

"The Entente would not recognize a [proletarian] dictatorship nor would it lift the 'hunger blockade' for such a government. If Russian aid were invoked by the revolutionists, German unity would collapse and the Entente would occupy Berlin before the Soviets could assist the German proletariat."* And Cohen-Reuss, on the third day of the National Congress of German Workers' and Soldiers' Councils, threatened:

"The Entente will occupy this city if Germany does not develop order. Bjorn Bjornson has just informed me that the French minister in Christiana has said within the last few days: 'Things are favorable to us in Berlin; if conditions continue thus, we will be there in four weeks.'" [*Idem*, p. 87.]

Today "democratic" bourgeois opinion likes to bluster, "We were too soft with the Germans; we should have marched straight to Berlin." Big talk—and empty. The real reason the Allies left the strangling of the socialist revolution so largely in the hands of the Social Democrats instead of "marching to Berlin" was not that they were too soft," but that they were afraid to move. This is admitted by the authoritative Temperley, semi-official British historian of the Peace Conference:**

"The German troops had been contaminated with Bolshevik propaganda during the occupation of Russia. *It might be equally dangerous for Entente troops to occupy revolutionary Germany.*" [Our italics.]

And Churchill confirms this, when he says, concerning those British troops of occupation that were sent into Germany: "Stringent and reiterated orders against 'Fraternization' were required." [*Op. cit.*, vol. V, p. 65.] Churchill should know. He was then supervising the repression of mutinies among the about-to-be-demobilized British troops in England.

Food As a Political Weapon

In sum, Germany presented the Allies with the same problem as Russia, save that in the one the socialist revolution was an accomplished fact, in the other an imminent and nightmarish probability. Among the Allied leaders there was the same unanimous agreement on ends; the same differences of opinion about methods. Should the blockade, for example, be lifted before Germany signed the Versailles Treaty? Temperley admits that

"the fear that complete anarchy might break out unless measures were taken by the Allies led to the insertion in the Armistice Agreement of 11th November 1918 of Article XXVI, which was to the effect that, although the blockade would continue to be maintained in principle, the Allies would permit the provisioning of Germany to the extent that would be considered necessary." [Vol. I, p. 313.]

*Ralph Haswell Lutz: *The German Revolution 1918-1919*, Stanford, 1922, p. 75.

**H. W. V. Temperley, ed.: *A History of the Peace Conference of Paris*, 6 vols., London, 1920: vol. II p. 445. All subsequent references to Temperley are to this work.

But although, as Churchill relates, the British occupying authorities began to warn that the blockade was driving the Germans to revolt, the Big Four—Wilson, Lloyd George, Clemenceau, Orlando—could not make up their minds. The starving German people became pawns in a greedy struggle between the Allied and German bourgeoisies. On December 13, 1918, when the Armistice was extended to January 17, the Allied imperialists, though frightened lest starvation incite Bolshevism, made it a condition for the sending of food into Germany that the Germans turn over merchant shipping. The German capitalists refused, and hunger continued. Not until March 13 was an agreement reached. One of its conditions specified

"that no part of these consignments should be distributed to unemployed persons who by their own fault or choice fail to obtain work." [Lutz, *op. cit.*, p. 116.]

Temperley confirms our suspicions of the purpose:

"This clause was inserted mainly with a view to assisting the German Government to check the spread of internal disorders inside Germany. . . ." [Vol. I, p. 318.]

That the clause worked is stated by Lutz:

"It is significant that soon after the first food ship arrived, the political situation made a decided change and since that time has steadily improved . . . the menace of Bolshevism and the danger of the spread of anarchy from Germany to the Allies were present as long as Germany remained un-fed." [*Op. cit.*, p. 119.]

This is no personal theory of Lutz. The semi-official Temperley confirms:

"In point of fact, the situation in Germany was extremely dangerous throughout the winter months and in the early spring of 1919, owing to the sporadic outbreaks of Spartacism all over the country, which threatened to develop into Bolshevism. The British and American policy was to strengthen the hands of the existing German government, and to enable it to restore law and order. It may safely be said that it was largely owing to the efforts of the British Military Authorities and the excellent information they possessed as to the real state of Germany, that food supplies were sent into Germany as early as April—probably just in time to save the country from anarchy and possibly Europe from a serious catastrophe. [Vol. II, p. 115.]

It is hardly necessary to warn the reader that when these pious hypocrites speak of "anarchy," "catastrophe," "plague," etc., they mean the heroic efforts of the German workers to end the murderous anarchy of capitalist war and starvation, and replace it by planned socialism, peace, and plenty. What they mean by "law and order" one figure will suffice to show: in the first nine months of 1919 the Social Democrat Noske's bloodhounds slaughtered over 15,000 protesting workers, causing Winston Churchill to become positively lyrical over this new German hero. Meanwhile, the Allied blockade caused German infant mortality to treble in the three months following the Armistice.

The Allied and German capitalists stood solidly together against the German workers. During the Ruhr general strike of April 1919, Lutz reveals:

"Announcing the arrival of food shipments from the Allies, the [German] government stated that, *acting under instructions from the Allies*, it would give nothing to those who continued to strike." [Our italics.]

This, then, is the factual basis on which has been erected the myth of Allied "humanitarianism" in feeding the defeated enemy.

The Allies were determined to impose as crushing a "peace" as possible. But they feared that to weaken their German imperialist rivals too much would render them too weak to stop a German socialist revolution. The question reached a crisis with Lloyd George's famous memorandum of March 25, 1919, whose most germane sections deserve quotation:

"The greatest danger that I see in the present situation is that Germany may throw in her lot with Bolshevism and place her resources, her brains, her vast organizing power at the disposal of the revolutionary fanatics whose dream it is to conquer the world for Bolshevism by force of arms. This danger is no mere chimera. The present government in Germany is weak; it has no prestige; its authority is challenged; it lingers merely because there is no alternative but the spartacists [communists], and Germany is not ready for spartacism as yet. But the argument which the spartacists are using with great effect at this very time is that they alone can save Germany from the intolerable conditions which have been bequeathed her by the war. They offer to free the German people from indebtedness to the Allies and indebtedness to their own richer classes. They offer them complete control of their own affairs and the prospect of a new heaven and earth. It is true that the price will be heavy. There will be two or three years of anarchy, perhaps bloodshed, but at the end the land will remain, the people will remain, the greater part of the houses and the factories will remain, and the railways and the roads will remain, and Germany, having thrown off her burdens, will be able to make a fresh start.

"If Germany goes over to the spartacists it is inevitable that she should throw in her lot with the Russian Bolsheviks. Once that happens all Eastern Europe will be swept into the orbit of the Bolshevik revolution and within a year we may witness the spectacle of nearly three hundred million people organized into a vast Red army under German instructors and German generals equipped with German cannon and German machine guns and prepared for a renewal of the attack on Western Europe. This is a prospect which no one can face with equanimity. Yet the news which came from Hungary yesterday shows only too clearly that this danger is no fantasy. And what are the reasons alleged for this decision? They are mainly the belief that large numbers of Magyars are to be handed over to the control of others. If we are wise, we shall offer to Germany a peace, which, while just, will be preferable for all sensible men to the alternative of Bolshevism."

Clemenceau, who was pursuing a bitterly vengeful policy toward Germany, turned the Lloyd George memorandum over to Andre Tardieu for answering, and that frivolous but sinister figure on the 31st flung back a French counter-memo wherein he insists that the so-called "succession states" are the surest method for preventing a successful German revolution:

"Mr. Lloyd George's Note fears that if the territorial conditions imposed on Germany are too severe, it will give an impetus to Bolshevism. Is it not to be feared that this would be precisely the result of the action suggested?"

"The Conference has decided to call to life a certain number of new states. Can it without committing an injustice sacrifice them out of regard for Germany by imposing on them unacceptable frontiers? If these peoples—notably Poland and Bohemia—have so far restricted Bolshevism, they have done so by the development of national spirit. If we do violence to this sentiment, they will become the prey of Bolshevism and the only barrier now existing between Russian Bolshevism will be broken down.

"The result will be . . . a Confederation of Central and Eastern Europe under the leadership of Bolshevik Germany. . . ."*

Again, as in the case of the Soviet Union, the Allies agreed on aims, differed on methods.

Why Germany Retained Arms

Concerning German disarmament, the Big Four similarly split. Clemenceau and Tardieu were terrified at the continued size of the German military apparatus, which Tardieu estimated was still nearly a million men by the end of 1919. Lloyd George and Wilson, on the other hand, insisted that Ger-

man capitalism had to have its bloodhounds if a socialist revolution was to be prevented. Germany was limited to a *Reichswehr* of 100,000 men. But the *Reichswehr*, though it never fell below 200,000, was deemed insufficient. Temperley later explained:

"The active intervention of the Reichswehr has so far suppressed all revolutionary movements, but it is claimed that, if riots and revolutions took place simultaneously in different districts, the force ordained by the Peace Treaty would not be sufficient to quell disorder, especially if a portion of the troops had to be employed on the eastern frontier to guard against Bolshevik invasion." [Vol. II, p. 461.]

So the Allies allowed German capitalism to form other "special" services. There was, for example, the *Sicherheitspolizei* ("security police," now the heart of Hitler's Gestapo), formed specifically, as Temperley informs us, "in the event of the Reichswehr proving unreliable as the result of political propaganda from the extreme Left." (*Idem*, p. 462.) There were the *Einwohnerwehren* and the *Zeitfreiwillige* (temporary volunteers), which, Temperley openly admits, "were all formed for the maintenance of order and as a guarantee against Spartacist outbreaks." (*Idem*, p. 132.) There was an organization called the

"Technische Nothilfe, or Emergency Technical Corps, for the purpose of intervening when works of vital importance to the general community . . . are closed down during strikes." [*Idem*, p. 462.]

And there were the various *Freikorps*—White Guard volunteer units—each more notorious than the other, such as the Division Lettow, the Reinhardt Brigade, the Luettwitz Corps, the Huelssen Free Corps, the Berlin Guard Cavalry Rifle Division, the German Defense Division, the Land Rifle Company, the Potsdam Free Corps—whose anti-labor savagery trained Hitler's future lieutenants. Temperley is quite frank about the composition of these *Freikorps*:

"The only reliable force was a voluntary organization of the debris of the Imperial army, by officers who were avowed reactionaries." [*Idem*, p. 443.]

When, at the end of May 1919, Count Brockdorff-Rantzau, presenting the German counter-proposals to the Treaty terms, objected to cutting down arms and armed forces too much because the government needed them for reasons of "internal security," Tardieu noted: "Some, out of fear of Bolshevism, urged concessions, either in the time limit of execution or on stated figures." (*Op. cit.*, p. 142.) Churchill was busy destroying German arms: "In all 40,000 cannon were blown to pieces," he writes of his frenzied labors, "and all other military materials destroyed in like proportions." For, haunted by the nightmare of revolution, the Allies were destroying German arms lest they fall into the hands of a socialist Germany. But, despite the jeremiads of the short-sighted Tardieu, they saw to it that the *Reichswehr*, *Sicherheitspolizei*, *Einwohnerwehren*, *Zeitfreiwillige*, and the various *Freikorps* were kept well supplied with arms.

Nor were their fears groundless. Fresh in their memories was the Kiel mutiny of November 2, 1918, which had immediately set up soviets, followed by soviets at Hamburg, Luebeck, Leipzig, and Dresden, and finally throughout Germany. Communist uprisings had occurred in the Rhineland, Westphalia, the Hanseatic cities, Thuringia, Saxony, and numerous East Prussian and Bavarian industrial centers. The Allies had seen with what difficulty the Social Democratic fakery had got the Congress of Workers' and Soldiers' Councils to vote away their soviet power to a bourgeois Constituent Assembly. They had seen Berlin in the hands of the Spartakists. In April short-lived Soviet regimes were set up in Brunswick and Bavaria, and the movement began to spread northward. A Red army

*Andre Tardieu: *The Truth About the Treaty*, English translation, Indianapolis, [1921], p. 117.

was created in Bavaria to face Hoffman and Noske advancing with Prussian troops. The Allies, while supporting the Social Democratic regime, feared it would prove a parallel to Kerensky's, and hence also threw their weight to the most reactionary capitalists and Junkers. With Germany completely disarmed, the counter-revolutionary killers of the *Freikorps* could not have ranged through the Reich; an extreme Rightist dictatorship could not have been set up on the ruins of the soviet republic in Bavaria. Hence the Allies had to leave arms in the hands of Hitler's forerunners.

That the hastily finished peace treaty was not even worse than it was, the German capitalists owed to precisely the revolutionary workers whom they were shooting down. The establishment of the Bavarian Soviet panicked Colonel House, who urged all speed before Germany, and all Europe, exploded: "Better," he cried, "an unsatisfactory settlement in April than the same sort of settlement in June!" Wilson, too, was frightened by the German events and pushed hard for sufficient leniency so that the German capitalists could put over the treaty on the German masses. Said House:

"If it had not been for Wilson the peace would have been infinitely worse. In fact it would have been so bad that *the Germans would have gone home the minute they read it.*" [Our italics.]

They very nearly did go home. When the terms were finally received in Germany on May 8, 1919, indignant crowds of thousands massed before the American Military Mission, crying out hour after hour: "Where are our Fourteen Points? Where is Wilson's peace? Where is your peace of justice?" (Lutz, *op. cit.*, p. 14.) The Allies on May 17 reacted by holding a hurried meeting of the Supreme Economic Council to prepare all necessary measures for complete restoration of the blockade; and on June 17 sent a sharp note threatening starvation if Germany refused the peace—of which even the cautious Lutz says: "The oppressive conditions of peace imposed upon the German Republic in 1919 are unparalleled in European history."

Against the ruinous Treaty terms the coalition government (9 Social Democrats, 3 Democrats, 3 Center members) was putting up a despairing resistance; yet "the only possible alternative," a government of the Independent Socialists, who were for signing without more ado, "would have involved the disbanding of the Reichswehr" and the *Freikorps* by an Independent Socialist government "and produced general chaos [read socialist revolution] in the interior." (Temperley, Vol. II, p. 445.) Finally, however, after a few face-saving concessions, the coalition cabinet signed.

The effect of the peace on Germany was summarized at the National Assembly on May 12, during the discussion on ratification, by Fehrenbach:

"However, the German women in the future will also bear children, and these children, who will grow up in bondage, will be able to double their fists, to break their slave chains, and to absterge the disgrace which rests on Germany." [Lutz, *op. cit.*, p. 148.]

The Allies had laid the foundation for Hitler and the Second World War.

The Allies Destroy Hungary's Soviets

Freeing the oppressed minorities of the Habsburg empire had been one of the war's most popular slogans. Point X of Wilson's Fourteen Points had stated:

"The peoples of Austria-Hungary, whose place among the nations we wish to see safeguarded and assured, should be accorded the freest opportunity of autonomous development."

And two important articles of the Military Convention between

the Allies and Hungary signed on November 13, 1918, had guaranteed:

"17—The Allies shall not interfere with the internal administration of affairs in Hungary.

"18—Hostilities between Hungary and the Allies are at an end."

Such were the promises; let us examine the performance.

The revolution of October 30, 1918, set Hungary up as an independent democratic state—precisely what the Allies had claimed to be fighting to accomplish. Yet in January of 1919 Rumania sent an army, reinforced with French Senegalese and advised by the notorious French general, Franchet d'Esperey, to occupy Hungary as far as the Tisza line determined in the Allied Secret Treaty of 1916. The Czechs simultaneously advanced from the north. All the protests of the liberal government of Premier Karolyi (who had supported the Allies during the war) were rejected by Franchet d'Esperey with brutal contempt; and the arms which the Hungarians, in accordance with the armistice terms, surrendered to be destroyed, he passed along to the invading Czechs, Rumanians, and Serbs.* When the invasion was an accomplished fact, the Supreme Council at Paris on February 21, 1919, intervened to bless the Rumanian grab by setting up a "temporary" line of demarcation with a neutral zone at about the point the Franco-Rumanian advance had reached. On March 20, the French Lieutenant-Colonel Vix informed Karolyi that still further Magyar territories were to be sliced off the new democratic Hungary. Karolyi, threatened simultaneously with an undamnable communist upsurge within the country, decided in despair that only a Social-Democratic cabinet could save Hungarian capitalism, and on March 21 resigned to make way for it. But so great was the communist strength at the Social Democrats had to invite the communist strength that the Social Democrats had to invite the gary was proclaimed a socialist soviet state whose real chief was Bela Kun.

Foch proposed immediate attack by the Czechs and Rumanians while in Constantinople the French military established a strangling food blockade. What especially terrified the Allies was that Moscow by March 26 had prepared to send the Red Army to Soviet Hungary's aid. The plan was to divert the Rumanians by a direct attack on Bessarabia (which the Rumanians had stolen from the Soviets), and to drive a column direct through Bukovina to Hungary. But the White Russian army of Kolchak, with heavy Allied support, started its major drive into the Volga region, and the Russian Soviets, fighting for life, had to abandon the plan. Holding their breaths in fear, the Supreme Council in early April rushed a "soft cop" mission under General Smuts to try to parley with Soviet Hungary. But, the mission a failure, "hard cop" Franchet d'Esperey renewed the Franco-Rumanian invasion.

The Hungarian Red Army, however, proved a different adversary from the shattered troops of Karolyi. Early in May it sent the Czech army, where revolts were now constant, reeling back out of Hungary; and itself poured into Slovakia. The Slovaks rose to aid their deliverers, and a Slovakian Socialist Soviet Republic was proclaimed. The Allies were again half-paralyzed for fear of making a bad matter worse. Says Temperley:

"Although the Council of Four actually gave instructions for a plan to be drawn up for combined action against Bela Kun (a plan which was worked out by the Military Representatives at Versailles and approved by Marshal Foch about the middle of June), no action was taken, in spite of the fact that Hungary was completely surrounded by French, Serbian, Rumanian, Czecho-Slovak and Italian

*Cf. Dauphin-Meunier: *La commune hongroise et les anarchistes*, Paris, 1926.

troops. Moreover, Bela Kun and Lenin were in close communication at this time, a fact which was frequently exposed and emphasized by the General Staff, as the connexion between Russian and Hungarian Bolsheviks was fraught with serious risks to the peace of Europe." [Vol. IV, p. 160.]

While they abandoned open British-French military intervention, they still secretly urged on the various invaders already in the field. Above all they used food as a weapon. How important that weapon was, Temperley evaluates:

"It may be contended that the stability of all the provisional Governments established or seeking to establish themselves during the early months of 1919 consisted entirely in the measure of their ability to provide food for their people. In these circumstances, with the Bolshevik peril looming large in the East, even hand-to-mouth relief was of the utmost importance and value." [Vol. I, p. 308.]

Hoover's field agent, Gregory, managed the food campaign. The pitiless and cynical steps by which he undermined Soviet Hungary have already been shown in revealing detail by C. Charles in these pages.*

Meanwhile, the double-dealing Allies pretended to seek a peaceful settlement with Bela Kun, sending a note on June 8 asking him to cease his offensive against the Czechs and inviting him to Paris; and they hastened to reassure him by publishing the new definitive Hungarian boundaries with Czechoslovakia. Bela Kun was taken in by these moves: he stopped the advance and withdrew behind the line. The peacemakers' real intentions were revealed, however, on July 17, when Franchet d'Esperey, acting—as Temperley (Vol. I, p. 356) admits—on instructions from Paris, demanded that the Kun government resign, otherwise military action would be renewed. Bela Kun countered on the 20th with an offensive that broke through to a depth of 15 to 35 kilometers. But the Allied blockade had had its effects; and the Soviet government had been weakened from within by the Social Democrats. A victorious Franco-Rumanian counter-attack rolled the Hungarians back, and occupied Budapest early in August; Bela Kun fled.

On August 1, the Soviets were replaced by a Social Democratic government under Julius Peidl; but reactionary Hungarian officers, aided by the Franco-Rumanians, pushed it over, and set up a cabinet under Stephan Friederich, an extreme nationalist-clerical anti-semitic. The terrified Social Democrats, who had thought their desertion of Bela Kun would be rewarded, now pleaded with the Allies to hold off the Whites and restore a democratic capitalist government. But Sir George Clerk, plenipotentiary representative of the Supreme Allied Council, preferred the White gang, and set up a new government under Huszar, in which the real power was Admiral Horthy. Its first act was to massacre 1,000 Red militiamen who had laid down their arms under the laws of war; it next burned 15,000 books of the University library; and then settled down to a White terror which for sheer sadism has few equals. Between 5,000 and 9,000—not only Communists, but Social Democrats, liberals, and Jews of all parties—were raped, mutilated, and butchered, in one of the most repulsive orgies in history.

The Allies were proud of their work. Rose Wilder Lane, the effusively laudatory biographer of Hoover, summarizes:

"It was Herbert Hoover in Paris and his man Captain Gregory on the ground who made the counter-revolution in Budapest, made it with their tremendous power of food control and a skilful handling of the political situation. Bela Kun and the Soviets fell; Vienna was held in a firm grip with American relief and American soldiers; Czechoslovakia stood firm, and Europe was kept from communism." [The Making of Herbert Hoover, p. 353.]

*"The Imperialist Strategy of Food," *Fourth International*, January 1943.

Horthy, the Allies' choice, hastened to put into effect laws restoring flogging, canceling land subdivision, abolishing all civil rights, instituting concentration camps, establishing a super-censorship, forcing serfdom on miners, and encouraging pogroms; he even attempted to introduce universal compulsory labor. The French were closely involved in the terror: a French military tribunal operated steadily, sending over 600 Hungarian militiamen to Morocco and Algeria (whence they were not freed till 1921), and others to the "Devil's Island" of French Guiana.

Affairs thus arranged, an Inter-Allied Military Mission arrived from Paris to survey the Allies' handiwork. Its instructions from the Supreme Council end with the statement

"That these Powers have not the least desire to interfere in the interior affairs of the Hungarian nation concerning the choice of their government. . . ."

Thus—having destroyed two democratic and one soviet regimes, and having firmly established the reactionary Horthy regime which lasted to this day to become Hitler's ally—thus did the Allies make Hungary safe for democracy.

And Elsewhere

The Big Four conceived Poland as the keystone of the *cordon sanitaire* system, the buffer between a Russian gone Bolshevik and a Germany which threatened to follow. Such a state could be nothing but reactionary; and one of its first actions was to embark on an orgy of pogroms.

Hoover's American Relief Association, pushed by the Peace Conference, and with funds provided by Congress, distributed in Poland between February and August 1919 more than \$50,000,000 in food. That it was intended specifically to dam off advancing communism, there is official admission:

"General Tasker H. Bliss and Secretary of War Baker insisted that such aid was essential to check the spread of Bolshevism and save civilization."**

Despite pressure of the Big Four to strike while the Soviet Union was weakest, Poland held off during the most critical time of the civil war—not from any lack of anti-communism, but in the knowledge that complete White victory would mean demands for the reincorporation of Poland into Imperial Russia.

When, however, the Whites had been sufficiently weakened, the Polish reactionaries were only too happy to carry out Paris' wishes, and deliberately rejected the most generous peace offers by the Bolsheviks. The Polish army drove deep into the Ukraine, backed by U.S. food and war supplies and a loan of \$50,000,000 floated with State Department approval. The French sent arms and military advisors; and when the victoriously counter-attacking Red Army crossed the Curzon Line into Poland, the British also rushed arms and warned that the British fleet would force the Baltic if the Red Army did not withdraw. It was, indeed, only the world working class, with its slogan of "Hands Off Russia!," which saved the Soviet Union. Czech workers blocked munition trains in transit to Poland; Danzig sailors and longshoremen struck, so that unwilling British troops had to be used under military discipline to unload Poland-bound munitions; and in England itself, the whole official labor movement, creating a "Council of Action," warned of revolution if the government persisted in aiding the Poles. But Pilsudsky got enough to throw back the Red Army and win the Riga Treaty.

Walter Liggett, in *The Rise of Herbert Hoover*, reports that more than \$100,000,000 worth of U.S. army supplies were turned

*Harry Hill Bandholtz: *An Undiplomatic Diary*, New York, 1933, p. 369. This U. S. general was a member of the mission.

**Frederick L. Schuman: *American Policy Toward Russia Since 1917*, New York, [1928], p. 176.

over to the Polish army, and that Senator Reed on January 4, 1921, charged, proofs in hand, that \$40,000,000 of the Congressional relief fund "was spent to keep the Polish army in the field." Liggett adds that of the \$23,000,000 raised by popular subscription specifically "for the suffering children" of the central powers, the greater part was spent on the Polish war against the USSR.

In the Baltic states, the Allies used German troops, at first regulars, then *Freikorps*. On December 23, 1918, the USSR recognized the Soviet Republics of Latvia, Lithuania, and Esthonia. In the last-named, recognition was premature; but in Latvia the local soviets won control, while Lithuania was divided. The Allies allowed German General von der Goltz to capture Riga on May 28, 1919—and to slaughter several thousand Lettish men, women and children on suspicion of Bolshevism. Once the communist menace was slightly eased, the British, who had their own designs on the Baltic states, made really serious efforts to dislodge von der Goltz. It was not until December 1919 that he could be got to comply; yet as late as October the British were very happy to utilize his 20,000 troops as rear guard while their new White hope, Yudenich, reinforced with British tanks and crews, made his major drive against Red Petrograd.

Basing themselves on their policy of self-determination of nationalities, the Russian Bolsheviks recognized an independent bourgeois state in the former Russian province of Finland on December 31, 1917. But the new Finnish government invited in the Kaiser's troops. The Finnish workers reacted with a general strike which on January 27, 1918, toppled the White government and established a socialist government. The Finnish Whites, under Czarist General Mannerheim, appealed for German aid, and in the Brest-Litovsk Treaty the Germans forced withdrawal of the Russian Soviet troops quartered in Finland.

On March 3, 1918, Mannerheim proclaimed,

"at the request of the Finnish Government, units of the powerful and victorious German army disembarked on Finnish soil to expel the Bolshevik monsters." [Fischer, p. 90.]

Mannerheim celebrated his victory over the Finnish workers and peasants by jailing 150,000 of them; he slaughtered 15,000 outright, while another 15,000 died in confinement. The Allies recognized Butcher Mannerheim's pro-German government. As soon as the Armistice permitted, Hoover rushed aid in abundance—aid which Hoover himself admitted "enabled the Finnish government to survive." That reactionary government has continued unchanged to this day. The same Butcher Mannerheim whom American support enabled to survive has once more invited in the Germans, and it is from Finnish airfields that the Nazi dive-bombers and torpedo-planes take off to murder American merchant seamen in the convoys to Murmansk and Archangel.

Basing themselves on Wilson's bogus principle of self-determination of nationalities, all Germans, from extreme left to extreme right, wanted German-speaking Austria in the Reich, as did the majority of the Austrians themselves. Austria's National Assembly voted for it in November 1918; and Germany's Weimar constitution specifically provided, in article 61, the method by which Austria should receive full representation should she join the Reich. But the peacemakers sent Germany an ultimatum to repeal article 61 within 15 days. The Allies created the monstrosity of an Austria stripped of Austrians. Czechoslovakia alone was given territories embracing 3,000,000 Austrians (it will be remembered what use Hitler made of the Sudeten problem in destroying Czechoslovakia). The wretched Austria set up by the Allies was economically a totally unviable state, with a capital city of 2,000,000 inhabitants based on a hinterland of only 4,000,000. Vienna was held, as we have seen,

by "American relief and American soldiers" against the probability of communist revolution; and finally was launched on its wobbling course, which, after unvarying misery and repeated convulsions, brought it to clerical-fascism. The logical end-product of the Allied policy of denying Austria the right to unite with democratic Germany was: *Anschluss* with Hitler.

Indeed, there was no country of continental Europe which, as a result of the peacemakers' efforts, did not become explosive with old and new imperialisms, gnawed with irredentism, riven with oppressed nationalities, and strangled in frontiers. Such attempts to escape from this strangulation as the Austrian-German union or the efforts of the Balkan States to form a customs federation the Allies forbade, keeping all Europe Balkanized.

In their own revolting colonies, the Allied imperialists tied tighter the noose of repression. Of the state of the British colonies and troops, Sir Henry Wilson, Chief of the General Staff, wrote in January 1919:

"We are sitting on the top of a mine which may go up at any minute. Ireland to-night has telegraphed for some more tanks and machine guns and is evidently anxious about the state of the country . . .

"I emphasized the urgency of the situation, pointing out that unless we carried out our proposals we should lose not only our army of the Rhine, but our garrisons at home, in Ireland, Gibraltar, Malta, India, etc. and that even now we dare not give an unpopular order to the troops, and discipline was a thing of the past. Douglas Haig said that by February 15 we would have no army in France." [Fischer, p. 163.]

Thus terrified and jittery, the Allies hastily cobbled together their peace. What they themselves really thought of it is well indicated by Charles Seymour, admirer of Wilson and one of the most serious historians of the Peace Conference, in his *Woodrow Wilson and the War*:

"It was no peace of reconciliation. . . . The place of the Chinese at the treaty table was empty; for them it was no peace of justice that gave Shantung to the Japanese, and they would not sign. The South African delegate, General Smuts, could not sign without explaining the balance of considerations which led him to sanction an international document containing so many flaws.

"It was not, indeed, the complete peace of justice which Wilson had promised and which, at times, he has since implied he believed it to be. Belgians complained that they had not been given the left bank of the Scheldt; Frenchmen were incensed because their frontier had not been protected; Italians were embittered by the refusal to approve their claims on the Adriatic; radical leaders, the world over, were frank in their expression of disappointment at the failure to inaugurate a new social order. The acquiescence in Japanese demands for Kiau-Chau was clearly dictated by expediency rather than by justice. Austria, reduced in size and bereft of material resources, was cut off from the sea and refused the possibility of joining with Germany. The nationalistic ambitions of the Rumanians, of the Jugo-slavs, of the Czechoslovaks, and of the Poles were aroused to such an extent that conflicts could hardly be avoided. Hungary, deprived of the rim of subject nationalities, looked forward to reclaiming her sovereignty over them. The Ruthenians complained of Polish domination. Further to the east lay the great unsettled problem of Russia." [Pp. 320-22.]

The "war to make the world safe for democracy" thus ended in a peace whereby the Allies directly imposed regimes of the most extreme reaction in half Europe, and laid the foundations for their swift rise in the other half. The "war to end war" thus ended in a peace whereby the Allies rendered absolutely inevitable—unless the socialist revolution should intervene—a second and even more catastrophic imperialist explosion.

The Shipbuilding Scandal

By JOSEPH HANSEN

The "war for democracy" has resulted in an ever-larger share of the economy coming under the control of a handful of monopolies; over 70 per cent of war contracts are now held by 100 corporations. To maintain this grip, the monopolies have gone to any lengths to prevent the use of productive forces and new techniques not controlled by them. The resultant restriction of production constitutes sabotage on a grandiose scale. A considerable part of the facts are in the public record—particularly in reports of Congressional committees—but have received a minimum of newspaper-space. Readers of *Fourth International* have been provided with much of this material.*

Now we can add the latest chapter: how the shipbuilding corporations, headed by Bethlehem Steel's shipbuilding subsidiaries, have succeeded in preventing the introduction by a competitor of a revolutionary technique in shipbuilding; and have thereby cut down production in the field which is the bottleneck of war production. They were able to do so thanks to the connivance of Admiral Land, chairman of the Maritime Commission, i.e., the person who is officially in charge of expanding the production of ships.

The story came out during the recent Senatorial debate over Roosevelt's renomination of Land for another term. The main indictment of Land was made by an AFL investigating committee.

Senator Aiken placed the AFL report in the *Congressional Record* of March 30 during his attack on the Maritime Commission for too generously diverting treasury funds into the pockets of stockholders in ships and shipyards.

The AFL committee was set up to investigate the Maritime Commission's cancellation (July 18, 1942) of its contracts with the Higgins Corporation of New Orleans to build a mass-production shipyard and 200 Liberty ships. The committee, headed by Holt Ross, southern district representative of the Laborers' International Union, included the following members:

"Robert Quinn, president New Orleans Metal Trades Council; . . . E. H. Williams, president of the Louisiana State Federation of Labor; John Berni, president New Orleans Building and Construction Trades Council; E. J. Bourg, secretary of the Louisiana State Federation of Labor; Alfred Chittenden, president, International Longshoremen's Association, Local Union No. 1418; J. Harvey Netter and Monroe T. Stringer, Jr., representing the Colored Workers, American Federation of Labor; M. D. Biggs, representative Seafarers' International Union; T. M. Freeman, special representative, Laborers' International Union, Gulfport, Miss.; Steve Quarles, president, New Orleans Central Trades and Labor Council; Henry J. Barbe president, Ship Carpenters, Caulkers and Joiners, Local No. 584; B. A. Murray, vice president of the International Union of Bridge, Structural and Ornamental Iron Workers; and Claude Owens, Louisiana State business agent, Hoisting and Portable Engineers."*

Charles J. Margiotti, former attorney-general of Pennsyl-

*"The Effects of Monopoly on War Production," by Felix Morrow, February 1942; "America's Sixty Families and the Nazis," by Art Preis, June 1942; "Patents and U.S. Monopolies," by C. Charles, August 1942; "The Month in Review," February 1943.

**All quotations in this article are taken from the report of the committee as printed in the *Congressional Record* of March 30, 1943.

vania, served as counsel for the committee, aided by two of his associates. A certified public accountant likewise served the committee.

Although the committee had no power of subpoena, 26 witnesses appeared before it, including government officials. Testimony taken before the Truman Senate Committee and two investigating committees of the House was likewise read before the AFL committee. Hearings were held at New Orleans and Washington. The committee's complete record consists of more than 2,000 pages of testimony and hundreds of exhibits.

There can be no doubt as to the responsibility of the committee or the thoroughness of its investigation under the handicaps which necessarily limited its scope.

The Higgins Contract

"The decision to build cargo vessels by the Higgins assembly-line production method," reports the committee, "was the result of the desperate situation at the time." Grandiose as had been Washington's shipbuilding plans, we may remark, the outbreak of war not only found them far from completion but proved them completely inadequate. It was necessary to take seven-league strides.

The Maritime Commission thereupon entered into a contract with the Higgins Corporation, which had long built small vessels for the Navy under a revolutionary method of ship construction. In place of laying the keel in a ship way to which materials were brought as in the conventional system, Higgins applied the belt-line system which had already converted auto, rubber, etc., into mass production industries. The entire vessel moves along the assembly line. For lack of capital Higgins had not yet developed his yards for the production of large ocean-going ships. The Maritime Commission now made up for this financial weakness.

For \$178,000 it purchased 1,200 acres near New Orleans and began construction in accordance with Higgins' plans. A service canal $1\frac{1}{4}$ miles long which would also serve as an "important link in the intra-coastal canal system," was begun. 89,366 piles were ordered of which "22,291 were driven at an additional cost of approximately \$25 per pile." The remaining piles, after cancelation of the contract, "were left lying on the ground" where they are "rapidly deteriorating as a result of being exposed to the weather."

"Of the estimated 27 miles of railroad track needed within the site, about 3 miles had already been completed. Materials for construction of the additional 24 miles of track were on hand or had been ordered. . . . A steam locomotive and a large number of flat cars had been delivered for use on the plant's railroad. Hundreds of huge trucks, about 100 huge busses, dozens of crates, and large numbers of heavy and light tools and equipment had been delivered to the Higgins Corporation and were on the site. Huge quantities of both heavy and light electrical equipment and many thousands of feet of electric wire and cable had also been delivered."

"Twenty-nine thousand tons of structural steel were ordered for the plant . . . nearly all of which had to be specially fabricated." Of this order 15,443 tons had been completed at the time of cancelation and had to be 'scrapped.'

"The Louisville and Nashville Railroad doubled about 12 miles of its track from the city of New Orleans to the site. . . . Telephone, power and other utilities acted rapidly. . . . More

than \$50,000 was spent by the New Orleans Public Service Corporation on power facilities. . . . New Orleans merchants . . . stocked up with merchandise. Real estate and other ventures were numerous. Tragical losses were sustained by many families who sold their homes in other parts of the country to come to New Orleans."

Within a short time the Maritime Commission had laid out in orders and commitments "a total of \$30,000,000." An idea of the size of the project can be gained from the fact that "seven hydraulic dredges and four clamshell dredges were assembled—making one of the largest concentrations of such equipment in history, greater than the amount of that type of equipment used in the construction of the Panama Canal."

Under the Higgins plan "32 ships would be under simultaneous construction." After completion of a mid-section, each hull would have "rolled out onto a track along which it would have progressed past manufacturing sites of the other seven sections of the ship, each completed section in turn being brought out onto the track and welded into place." Superstructures completed along a different line "were to be placed in position in one operation through the use of giant cranes."

This system would reduce the man-hours required in the construction of a Liberty ship from the present average of more than 500,000 down to 230,000 or less. "On the basis of an average labor cost of \$1 per hour in shipbuilding plants, the government would have saved in labor costs alone on these ships at least a quarter of a million dollars on each vessel launched." On the initial order alone of 200 ships the government would have saved "at least \$50,000,000." That is, more than enough to have "paid for the construction of the shipyard."

Under full production the yard could have turned out from 1½ to 2 ships per day, "a rate far in excess of any shipyard now existing in the world."

The committee calculated that "At the rate of 60 ships per month, the Higgins shipyard could have launched far more in one year than have been launched by all other Liberty cargo-ship yards of the United States in the past 12 months." Not only that—but in comparison with other shipyards, the Higgins plant could "have saved our Nation \$180,000,000 annually."

"The Higgins yard and the Kaiser yard together could have produced the entire 15,000,000 tons of shipping ordered by President Roosevelt for the year 1943." This means that even under the present expanded war production the present shipbuilders would have faced competition that would have greatly reduced payment of dividends to stockholders.

"The evidence before this committee establishes conclusively," reads the report, "that no shipyard in the country could have competed in cost, speed, or labor savings with the Higgins yard."

How the Contract Was Cancelled

The existing shipyards apparently considered the threat of the Higgins shipyard to be far more critical than the threat of the Axis. Roosevelt's appointee, Admiral Land, agreed with them. They went into action.

Admiral Land's testimony before the Truman committee, quoted in the AFL report proves that he was well aware of what the Higgins yard meant to the industry: "Should this contract (Higgins) be reinstated, it is my best judgment that it will seriously affect from 20 to 30 other shipbuilding concerns in these United States."

Admiral Land's concern for these war profiteers soon man-

ifested itself in more than platonic ways. He appointed J. L. Baker to have "full power of approval and rejection over all Higgins Corporation activities and expenditures." Several weeks after the project was begun, Higgins "followed a recommendation and suggestion" of Baker that Brown & Root of Texas take "charge of construction."

"The performance of Brown & Root, Inc., on other government projects had been satisfactory." Their performance, however, now became so "unsatisfactory," so many delays and troubles ensued that Higgins finally cancelled the deal. Prior to "the apparently obstructive tactics of Brown & Root," the "construction of the facilities" had been proceeding "speedily and satisfactorily."

While Brown & Root were taking "charge of construction" Admiral Land busied himself in other places. First he asked Donald M. Nelson of the War Production Board "for more steel . . . to pile up a higher inventory and supply of steel in yards." Nelson responded with a promise to furnish the amount of steel already allocated which included, naturally, the allocation for Higgins. To L.R. Sanford, New Orleans regional director of the Maritime Commission, Admiral Land and Vickery interpreted this response of Nelson's as "instructions from the War Production Board to cut down the consumption of steel for shipbuilding purposes." In a masterpiece of understatement the AFL committee comments: "Your committee finds that the Maritime Commission had no such instructions."

Land then telephoned Nelson and "told him that facilities existing before the Higgins contract awards were sufficient to build the tonnage ordered by the President." As added inducement he told Nelson "if the Higgins contract was cancelled 58,000 tons of steel to be used in building the plant facilities could be saved and in addition, steel that went into the equipment could also be saved." Land exaggerated, since the total steel Higgins required was only 29,000 tons. Nelson approved Land's recommendation.

Admiral Land thereupon cancelled the Higgins contracts, giving as his primary reason the "shortage of steel."

Donald Nelson appeared before the AFL committee and succeeded in convincing its members that he was not simply passing the buck in accusing Admiral Land of full responsibility for the cancellation: "Mr. Nelson stated positively that he would not have given his approval to cancellation . . . if all the facts as he knew them when he appeared before this committee . . . had been known to him at the time of Admiral Land's request for approval. Mr. Nelson was, without doubt, misled into giving his approval."

"Factual misrepresentations and concealment of material facts were resorted to by Admiral Land in his successful attempt to get Donald M. Nelson to approve the cancellation," declares the committee.

When the contract was cancelled, Admiral Land distributed the order for 200 Liberty ships among the existing shipyards. This was a tremendous order—in 1939 Land's "long range program" for war contemplated building not more than 500 ships.

Such figures as Admiral Land have long acted in Washington as executive agents of policies that favor the existing shipyards, the committee points out:

"Both the Bureau of Ships and the Maritime Commission have for years openly pursued a policy of protecting existing shipyards, by opposing construction of new shipyards by independent firms. In 1940, while being consulted as to the erection of a new shipyard at Mobile, Ala., Admiral Vickery stated that any new shipyards on the Gulf coast would be built only over his dead body, except at Pascagoula, Miss., and Houston, Tex.

... The exceptions applied to conventional shipyards owned by long-established shipbuilding interests. . . . This committee heard testimony describing in detail the futile attempts by several groups of reputable individuals to establish new yards in various parts of the country."

Joseph W. Powell of the Bureau of Ships, which is in charge of construction of vessels for the Navy, just as the Maritime Commission is in charge of construction for the merchant marine, declared according to the committee "that no new shipyard would be opened up or financed by the United States Government and that no yards would be financed or constructed except those which would be under the control and management of existing shipbuilding companies."

Powell, "special assistant to the Secretary of the Navy," formerly was a vice president of the Bethlehem Shipbuilding Corporation, then president of the United States Shipping Board Emergency Fleet Corporation. In the First World War he "refused to build ships for our country except upon terms which were most advantageous to his company [Bethlehem], which were dictated by him." The government, "faced with this need" for ships "was driven into the acceptance of the Powell-dictated contract on whatever terms Bethlehem proposed. The alternatives were to do without the ships that Bethlehem could produce or to risk military defeat. This was well known by Mr. Powell and he used the Nation's desperation to force through an unfair contract, providing for exorbitant profit for his company."

That Bethlehem through Powell still pulls powerful strings in the government's shipbuilding program is indicated by the following item reported by the AFL committee: A public-relations man of the Maritime Commission informed officials at Higgins "that he had been given instructions by the Maritime Commission about six weeks before the cancelation, to 'soft-pedal on Higgins, soft-pedal on Kaiser, and build up Bethlehem Steel'."

The AFL committee concludes cautiously enough that it "believes" Powell "influenced the cancelation of the Higgins contracts. By eliminating the Higgins plant, Mr. Powell and the Maritime Commission succeeded in reestablishing their policy of protecting the old-line shipyards. Mr. Powell was in a most favorable position to exert influence against the erection of the Higgins plant, first, because of his power as Assistant to the Secretary of the Navy; second, because of his 40-year friendship with Admiral Land and his close relations with other members of the Maritime Commission; and third, because of his close connection with the big shipbuilding firms which are subsidiaries of the large steel firms of the Nation."

When it succeeded in crushing a dangerous potential rival, one would imagine Bethlehem would rest content. But it did not forget to file "a claim with the Maritime Commission for over three-quarters of a million dollars" on account of cancelation of the contract for steel to build the Higgins shipyard!

Throughout the AFL report, Higgins is painted as a patriot whose sole interest was furthering the war effort. The committee cites as evidence Higgins' willingness to build the shipyard without asking the usual fee. Higgins even offered "to fulfill the contract to build approximately 2,000,000 tons of ships without profit to himself, or his company." In view of the concern of other shipbuilders over profits, Higgins' philanthropy seems all the more remarkable. One cannot help wondering, however, if his hands did not tremble a bit at the thought of the government building a \$50,000,000 shipyard which would be turned over to him as his private property—a shipyard so productive and so efficient that it would inevitably drive many other shipyards out of existence after the war.

The report recommends "labor-management committees" "for the purpose of ensuring harmony and expediting production." As the report itself proves, however, it is the capitalists themselves who create dissension and curtail production. Joint committees could only act as instruments of the capitalists in imposing their program of profits above all. What is needed are committees of labor such as the one which made this report to check up on the capitalists.

The suggestion that labor should be given "more of a voice in the affairs of conducting the war program" is a plaintive plea that Roosevelt heed William Green rather than the big corporations. So long as labor does not organize its own independent political party there is no chance that the Roosevelt Administration or any other capitalist administration will cease to flaunt in the most brutal way its subservience to Big Business. This was shown by the fate of the committee's report. It was finished on November 9, 1942. Instead of placing the facts it had uncovered and the grave conclusions it had drawn before the public, the committee meekly and timidly laid its report on Roosevelt's desk.

It was not taken off that desk until Roosevelt flung his answer in Green's face—the renomination of Admiral Land for another six-year term. Not even this stung Green to militant action; instead of placing the facts before the people, he crawled with them to the desk of a Republican senator. He got his answer. The Senate, on which not one representative of labor sits, by a vote of 70 to 5 confirmed Roosevelt's nomination of Land.

The Dutch East Indies

By P. VAN VLIET

March 7, 1942, the day of the fall of Java, the Dutch colonial myth came to a sudden end. The swift Japanese advance through the outer islands, followed by the conquest of Java in eight short days, proved once and for all that Dutch imperialism, like French and English imperialism, was incapable of mobilizing its colonial masses. In spite of the fact that the entire official Nationalist movement supported the government, in spite of a well-organized and intense campaign for preparedness begun long before the invasion, the great mass of the people remained indifferent and during the Japanese onslaught continued its daily life, accepting the events as happenings in which the common man has no stake. The Indonesian people who, we may be sure, are qualified to judge, did not care enough

to rise in defense of the Dutch brand of "better" imperialism against the Japanese brand, although for the moment the latter will undoubtedly bring greater immediate hardships on the population due to Japan's pressing needs.

Exactly what policy Japan is following in the East Indies is difficult to ascertain as little news is received. It is safe to assume, however, that the Japanese imperialists will look into the methods used by their predecessors, for it is well known that these have proven to be very effective and profitable. Statements made by a Dutchman who escaped from Java several months after the occupation seem to bear out this assumption:

"The tax system was left as it was. The Japs admitted that it was effective. Their close imitation of Dutch adminis-

trative methods was one of the most ominous aspects of the Jap conquest." (*Colliers*, May 1, 1943.)

Naturally the Dutch are irritated to see their methods successfully imitated, for they count on their reputation of superior colonizers to give weight to their claims for restoration of their empire after the war.

The Evolution of Dutch Rule

The Dutch colonial policy, as it was at the outbreak of the Pacific war, was the result of centuries of experience. The record, from the early days of conquest well into the 19th century, is by no means more savory than that of other imperialist powers. This period, marked by all the classic brutality, ruthless extortions and complete disregard for human life commonly associated with imperialism, had its culmination point in 1830. Holland was bankrupt as the result of wars in Europe and Java. Drastic steps were taken to fill the treasury. The notorious Vandenbosch Cultivation System was introduced in Java and in some of the outer islands. According to this system the native peasant had to devote part of his land to the cultivation of products profitable for export, the proceeds going to the Dutch treasury. These products—mainly coffee and spices—demanded more care and time than the usual food crops and little time was left the peasant to provide for his own livelihood. Revolts were frequent, yet the system continued unabated until 1870. Holland by that time had recovered and, more important, the system ceased to be profitable. Vestiges of it continued in the so-called "Lords' Services" by which all men up to 50 years of age were required to labor at public works and roads for a specific number of days each year without pay.

At the beginning of the 20th century the old methods had been exhausted, the national consciousness of the masses was growing, difficult days were ahead. The Dutch rulers changed their course. A paternalistic approach was adopted, which was less brazen and more effective in its methods.

The Dutch bourgeoisie employed a large corps of civil administrators, who formed practically the only section of the European population which had intimate contact with the natives. Of course these officials preferred to think of themselves as representatives of the Dutch crown come to the Indies to serve the people. At the liberal university of Leiden they had been imbued with a paternal spirit and a great admiration for Indonesian culture. They were well acquainted with the Adat or moral code of the islands, they spoke the many languages of the archipelago. This group of people, aided by the Indonesian chiefs and functionaries, were the most ardent defenders of native culture and tradition. They opposed too impatient acts of exploitation by the big sugar and rubber companies. In close daily contact with the people, they knew how far to go.

For this solicitude the more sophisticated capitalist circles nicknamed the Department of Internal Administration (Binnenlandsch Bestuur or B.B. for short) Babu Besar—Big Nursemaid. But this was kind mockery, for the capitalists realized only too well that their interests were best served by this humanitarian veil thrown over the crude reality.

The rest of the European people in the Indies lived a life completely separate from the Indonesians. They generally spoke only market Malay, that is, just enough to get on with the servants in the household. Malay, the language adopted by all peoples in the archipelago as the official Indonesian language, was not taught in any of the Dutch schools in the Indies.

After three hundred years of Dutch rule the life of the Indonesians had undergone little change. A small section had become westernized and lived like the Europeans, but the masses still lived in the old conditions. Modern transport and medi-

cine had done away with famines and epidemics, with the result that the population increased from 5,000,000 (about the year 1800) to 72,000,000 today. The Dutch have done little, however, to provide these millions with a livelihood other than opening up new land in an attempt to keep up the production of food and agricultural products. On the island of Java alone—no bigger than New York state—the population is 50,000,000.

An official publication of the Netherlands Government candidly states that one reason why no large scale industries were ever started in the Indies to provide work for the growing population is that the rulers did not relish the thought of creating a large industrial proletariat. The Dutch imperialists have preferred to keep up a continual race against the growing increase in population at the risk of disaster if their calculations should go wrong. That the rulers were not blind to this danger may be seen from the following statement made at a congress of agricultural advisers in 1937:

"We may well look with anxiety upon the fact that in Java the crop balance becomes negative with every crop failure of any dimensions and that we are only two years ahead in the race between production and population. This means we cannot afford to allow the expansion of production to flag even for a single year." (*The Structure of Netherland Indies' Economy*, by J. Boeke.)

This Dutch economist comments: "A real solution can be found only by instilling into the masses of the people a Western spirit which will bring forth a rationalistic view of sex relations and a dynamic view of production. But how to arouse this spirit?" The answer would appear to be obvious: through mass education. But the Dutch feared an educated colonial people for the same reasons that they feared a colonial working class. Moreover it is not likely that they really wanted to keep the increase in population within limits.

The Scope of Exploitation

While the native masses thus lived in a continuous struggle to maintain their meager standard of living, great profits were made by the Dutch companies. The Indies have proven to be the most profitable of any colonies. India, with twice the area and six times the population of the Indies, had only twice its volume of export and import. The export surplus of the Indies was even larger than that of India; in 1938 it amounted to \$100,000,000, and it has at times been as high as \$400,000,000.

The Indies provide a wealth of agricultural products. They produced 90 per cent of the world's quinine, 85 per cent of the pepper, 64 per cent of the kapok, 33 per cent of the rubber, 29 per cent of the oilpalm products and smaller percentages of tea, coffee, sugar, cocoa; in addition large crops of food products for home consumption, especially rice.

The Dutch have been careful to maintain "independent" native production on small farming units. Native contributions in this form to the export market increased from 10 per cent in 1900 to 46 per cent in 1937. Native producers contributed 10 per cent of the rubber, 98 per cent of copra, all of the pepper and 90 per cent of the kapok to the export market. However, the real profits went to the Dutch export firms, for the natives had no way of selling their products on the world market.

The Netherlands Indies government obtained its funds largely from taxation, government industries and monopolies. Railroads, public utilities, post and telegraph were government operated. So were the pawnshops. Paternalistic Dutchmen were fond of making gentle fun of the Indonesians' alleged passion for pawn shops. Of course this is only one more indication of the poverty of the population.

Most of the government's income went for salaries of its functionaries. Only 10 per cent went for education and during the depression this was cut down to 5 per cent. Illiteracy consequently is widespread, less than one-tenth of the population can read and write. There was no compulsory education and in most cases the children worked to add to the family income.

The small strata of well-to-do Indonesians and the Indonesian nobility, however, had long been accustomed to send their children to school in the cities and often to Holland to the Universities. The first movement of national consciousness was therefore logically founded in 1908 by a group of aristocratic students at a college in Batavia. A purely Javanese and mainly philanthropic movement, it never attracted any mass support.

The National and Communist Movement

In 1912 a group of Indonesian merchants founded the Sarekat Dagang Islam (Islamic Merchant Association), originally to defend the interests of the native merchants against the economically stronger Chinese. But before long the name was changed to Sarekat Islam (Islamic Association) and it became a full fledged nationalist party. Using the Islam as a means of uniting the preponderantly Mohammedan masses, the party soon acquired a mass following, counting 800,000 members at the height of its rise.

During those days the Dutch revolutionary socialist Sneevliet arrived in the Indies and formed the Indies Social Democratic Association, which attracted some Indonesian members. Sneevliet sent these Indonesian members into the Sarekat Islam as a red fraction. Although in the beginning the Sarekat Islam leadership went along with the exceedingly energetic revolutionists, the inevitable struggle over final control of the S.I. led to a split in the 1920's. In 1920, these revolutionists and Sneevliet formed the Indonesian Communist Party (K.P.I.) out of the Indies Social Democratic Association. After the split the S.I. lost most of its influence and abandoned politics. The P.K.I., on the other hand, embarked on an energetic campaign to propagate its ideas, establishing schools and courses, and gaining a foothold in the young trade unions. In 1926—after Sneevliet had been exiled—the Communist leaders inspired premature uprisings which spread from Western Java to the West Coast of Sumatra. The Dutch government had to call out troops to crush this rebellion. 13,000 rebels were arrested and over a thousand of the leaders were exiled to Boven Digul, a concentration camp for political prisoners in New Guinea. This upheaval left the population dazed and at a loss. The decapitated P.K.I. was crushed for good.

The same year, after the hysteria in the white press had somewhat subsided, a new movement was founded under the leadership of the engineer Sukarno, called the Partai Nasional Indonesia (National Indonesian Party). The leaders were for the greater part former members of an Indonesian student society in Holland, which had been in contact with the Comintern and with the Stalinist-controlled Anti-Imperialist League. They called themselves revolutionary nationalists, and did not accept posts in the People's Council or in the regional councils. (These bodies were partly appointed and partly elected by a complicated procedure.)

The Dutch community feared the Communists but had never taken the nationalist movement very seriously up till this time. The P.N.I. however was led by able leaders, its propaganda was widespread and successful, it had a definite program. Government employees were forbidden to belong to the P.N.I. Finally the offices of the P.N.I. all over the archipelago were

raided and Sukarno and several other leaders were arrested and brought to trial. They were found to constitute a danger to public peace and order and all defendants received prison sentences of about two years. After his release in 1932 Sukarno was again arrested and exiled to the island of Flores without trial. In spite of frequent demands by the nationalist movement and liberal Dutch elements during the crisis preceding the Pacific war, neither Sukarno nor any of the subsequently exiled Nationalist leaders was ever allowed to return to Java, the center of political activity in the Indies.

In 1935 a new section was added to the Penal Code of the Indies restricting the rights of assembly and association. It became impossible for any anti-collaborationist movement to function legally. Propaganda had to be conducted through door to door visits and private instruction. Under these conditions the existing movements could not survive and one after the other slowly dissolved. There was no activity of any importance until the rise of the Parindra (Partai Indonesia Raya or Greater Indonesia Party) which was founded in the late thirties through a fusion of two earlier movements. Although collaborationist, this movement became very influential and was the most powerful force at the time of the Japanese invasion. When native conscription was put before the People's Council in November 1941, after the fall of Holland, the Nationalists, under Parindra leadership, voted against it on the grounds that the people could not be heard on the proposal because there was no parliament. Native conscription was put through anyway, where upon the Parindra representatives withdrew from the People's Council and organized a popular demand for a parliament. At the outbreak of the war in the Pacific, however, the Parindra, like all other nationalist and religious parties, offered their support to the government.

The Native Trade Unions

The Indonesian trade union movement came into existence during the first world war. The first to organize were the government employees (teachers, pawnhouse employees, railroad and custom house employees).

Industrial unions were organized a little later with the help of Sneevliet. The first organized strikes broke out in 1920 among plantation workers. In the same year printers, machine-workers and dockworkers went on strike in Surabaya. These strikes were broken by the manufacturers who declared a general lock-out. Through this action even those factories where no strikes were going on were closed down and thousands of workers were thrown out of work. This situation continued for several weeks and ended finally by the capitulation of the workers. These strikes had been organized and led by Communists.

In 1925 again the machine workers in Surabaya went on strike because a Communist worker had been fired. The strikers advanced several demands, and half of these were granted. This first success did not fail to make an impression on the workers and the membership of the unions increased rapidly. In the same month strikes broke out in other factories and in the shipyards, but again the manufacturers got together and held out. After a month the workers had to return to work. The manufacturers, however, did not hire back all the strikers. They instituted a system of finger-printing all workers, and refused to engage those who could read and write. Their argument was that the literate workers were more easily influenced by Communist propaganda. When the strikes were concluded, the Department of Labor started an investigation into working conditions. This was done to give the government a semblance

of impartiality and that it had an open ear for "justified" demands. The government investigator came to the conclusion that the prevailing rate of one guilder (at most 60 cents) or two for a working day ranging from eight to ten hours gave the worker enough income to keep his family. It was admitted that rents were very high and housing conditions appalling, but the final verdict was that the strikes had not been prompted by dissatisfaction of the workers, but by Communist propaganda. A few Communist agitators were therefore arrested, while several Dutch Communists were told to leave the islands.

In 1926 the strongest union, that of the railroad workers, called a general strike which disrupted transportation for several days. Some of the most important Communist Indonesians belonged to this union and organized the strikes. The government—the employer in this case—stepped in immediately and dissolved the union and had a "loyal" union take its place. The Communist leaders were exiled.

That was also the year of the defeated uprisings and the reaction of course was felt in the trade unions too.

Although every succeeding year a number of strikes broke out, they never again assumed the well-organized political character of 1925-26. The Nationalist movement got control over the unions and much of their militancy was lost. The Nationalist movement has always been more interested in the large mass of peasants than in the comparatively small number of industrial workers.

In all these conflicts, the Indonesian workers fought their strikes alone, helped only by a few Dutch Communist organizers. Although the Dutch employees in the factories in 1925-26 were greatly dissatisfied with their own conditions and had been contemplating a walkout, they sided with the management when the Indonesians went on strike. Most of the Dutch were either highly skilled workers or supervisors whose living conditions and wages could not be compared with those of the native workers.

There was one outstanding instance where representatives of the Dutch working class united with Indonesian workers. This was not only a strike but a strike in the Netherlands Indies Navy—a mutiny.

The mutiny on the cruiser *Zeven Provinciën*, in February 1933, climaxed several months of unrest, dissatisfaction and collective demonstrations of disobedience aboard naval ships stationed in Surabaya. It was at the very height of the depression in the Indies, and salaries of naval personnel had been cut by 10 per cent. In December 1932 the word got around that another seven per cent cut would go into effect January 1st. Immediately the Dutch and Indonesian sailors' unions called joint meetings, sent a joint delegation to the Commander of the Navy and cabled protests to the Second Chamber lower house of parliament in Holland. The government answered that for the moment no further cut in salary was intended. At the same time all officers were ordered to keep their revolvers loaded in their cabins. For the rest they were warned to use the utmost tact in dealing with the men—in order not to precipitate any conflicts. January 26, 1933 the new cut was announced: four per cent for Dutch sailors, seven per cent for Indonesians. In the days following the officers had plenty of opportunity to use their tact. In the morning after the raising of the flag the sailors sang their union song to the tune of the *International*. There were many meetings and another telegram was sent to the Second Chamber in Holland. Then the authorities heard that the red flag was going to be raised on the cruiser *Java*. They were "on the alert." The army stood ready to step in. Sailors were not permitted to go ashore, gatherings of more than five men were forbidden. February 1st Dutch and Indonesian sailors alike on several ships in Surabaya harbor re-

fused to present themselves for the morning inspection. Mindful of the order to use tact the officers repeated the command again and again until slowly some of the sailors began to give in.

The news of the wage cut and the strikes in the Surabaya naval base reached the crew of the *Zeven Provinciën* at sea. The ship had been sent on a cruise to the different ports in Sumatra. At a meeting held in one of the ports the sailors decided to protest against the cut and that, to show their solidarity with the men in Surabaya, they would take over the ship in the next port and sail it back to the naval base. This plan was executed on February 4th at night, while the commander of the ship and most of the officers were ashore dancing at a ball. The remaining officers offered no resistance but withdrew to the longroom where they stayed during the further events discussing plans of recapturing control of the ship.

The departure of the ship was of course immediately noticed ashore and its commander was notified. With his officers he got aboard a government steamer and followed the cruiser. His polite wireless messages were answered by the mutineers with "don't hinder us."

From then on the little steamer just tagged along behind the *Zeven Provinciën* and the commander knew no better than to cable to Batavia: "Am shadowing Zeven." In the meantime the authorities in Java were getting frantic. They felt Dutch prestige was suffering heavily in the eyes of the natives as well as of other nations. England had already offered to send a couple of warships from Singapore—an offer which was indignantly refused. The Dutch sent their own squadron of war ships to meet the *Zeven Provinciën* and, since there was some resistance among the sailors in the squadron, the authorities also sent three Dornier bombers. The mutineers refused to surrender when summoned to do so. One of the bombers was ordered to attack it. A direct hit forced the mutineers to raise the white flag. In the general confusion the officers aboard executed their long discussed plan to recapture the ship.

After the mutiny the training school for Indonesian Naval Seamen was closed down. The ruling class feared a repetition, now that the Indonesians had learned that they have allies among the white men. A naval officer expressed this fear in the follows words:

"During my many years in the tropics I have seen a few Europeans degenerate worse than apaches in the big city under-world. But I have never heard of a white man who forgot that he was white in troubled times. I refuse to believe that the European rebels had any notion of their treason to their own race which rules the Indies. The intellectuals behind them, who have failed to restrict the class struggle to their own race, carry a heavier responsibility than that of undermining military discipline. They have risked to expose to the Indonesians once and for all the Achilles heel of our national unity." (J. Mollema, *Around the Mutiny On the Zeven Provinciën* [in Dutch])

In reality, the Dutch rulers had two Achilles heels. One was the class struggle of the Dutch workers and their tendency toward solidarity with their Indonesian brothers. The other was the impossibility of getting the Indonesian masses to fight the battles of the Dutch against their imperialist rivals. Which Achilles heel was to lose the Dutch their empire was not to be predicted in advance; it proved to be the second. In the critical days after the fall of Holland and preceding the Japanese invasion of the Indies, the government belatedly tried to gain the active support of the masses by a new tune, singing of the "common fate" of the Dutch and the Indonesians. By their indifference toward the war, however, the Indonesians put an end to the pretense that the fate of the Dutch bourgeoisie is of any interest to them. Three hundred years of Dutch exploitation came to its inevitable end.

From the Arsenal of Marxism

Europe and America

By LEON TROTSKY

EDITOR'S NOTE: Last month we published the first section of a speech delivered by Leon Trotsky on February 15, 1926; this is the second and concluding section. Most noteworthy in this section is Trotsky's confident prediction that the British bourgeoisie would be confronted by a major struggle when the miners' contracts expired; two and a half months later his prediction came true when the miners' fight led to the British General Strike of May 1926. Trotsky's forecast was based on his fundamental analysis of the relations between Europe and America, which was hemming in the already-too-narrow base of European capitalism and thus driving Europe toward socialist revolution. Both economic developments and the workers' struggles in the ensuing years verified Trotsky's prognosis. But the false policies of Stalinism, already in control of the Soviet Union and the Comintern at the time of this speech, saved European capitalism. This speech was, indeed, one of the last to a Soviet workers' audience which Trotsky was permitted to make; already he was being prevented from telling the workers what the Left Opposition stood for in its struggle against Stalinism. The next year Trotsky was expelled from the Communist Party by Stalin, and then exiled to Alma-Ata.

American Pacifism in Practice

Time is the best critic in all questions. Let us see then just what the American methods of peaceful penetration looked like in action during these last years. A mere tally of the most important facts will show us that American "pacifism" has triumphed all along the line; but it has triumphed as a noiseless (as yet) method of imperialist plunder and of half-masked preparations for the greatest of conflicts.

The most graphic expression and exposure of the essence of American "pacifism" was supplied by the 1922 Washington Conference. In 1919-20 many people, and I among them, asked themselves: What will happen in 1922-23 when through her ship-building program the U.S. is assured of naval equality with Great Britain? England, the little island, had maintained her domination through the superiority of her fleet over the combined fleets of any other two countries. Would she abandon this superiority without a fight? There were many who, like myself, considered that in 1922-23 a war between England and America, with the participation of Japan, was not excluded. But what happened instead? In place of war came—purest "pacifism." The U.S. invited England to Washington and said: "Please take rations. There will be 5 units for me, 5 for you, Japan 3, France 3." There is a naval program! And England accepted.

What is this? This is "pacifism." But it is pacifism of a sort that imposes its will by dint of monstrous *economic* superiority and prepares "peacefully" *military* superiority in the next historical period.

And what of the Dawes plan? While Poincare, after seizing the Ruhr basin, bustled about in Central Europe with his kindergarten plans, the Americans surveyed the scene with field glasses from their point of vantage, and waited. And when the falling franc and other unpleasant things compelled Poincare

to beat a retreat, the American arrived with a plan for the pacification of Europe. He bought the right to supervise Germany for 800 million marks, half of which, furthermore, was supplied by England. And for this bargain price of a few million dollars Wall Street placed its Controller astride the neck of the German people. "Pacifism"? You cannot wriggle out of this pacifist strangler's noose.

And what of the stabilization of currency? Fluctuation of currency in Europe discomfites the American. He is discomfited because this allows Europe to export cheaply. The American needs a stable currency both for collecting regular interest payments on his loans as well as for preserving financial order in general. How can one invest his capital in Europe otherwise? And so the American compelled the Germans to introduce a stable currency; he forced the English, too, by granting them a loan of 300 million dollars for this purpose; Lloyd George recently said: "The pound sterling now looks the dollar right in the face." Lloyd George is a cocky old codger. If the pound can look the dollar right in the face, it is because this proud pound sterling has 300 million dollars propping up its spine.

And what of France? The French bourgeoisie is in dread of the transition to a stabilized currency. This is a very painful operation. Says the American: You won't get a loan on any other terms; do as you like. The American insists that France disarm in order to be able to pay her debts. Pure pacifism, disarmament, stabilization of currency—one could hardly improve on this. America prepares "peacefully" to bring France to her knees.

With England the question of gold parity and of debts has already been settled. The English, if I am not mistaken, are henceforth to pay the U.S. around 330 million rubles a year. England has, in her turn, settled the question of the Italian debt, of which she will receive but an insignificant part. France is the principal debtor of England and America, but has paid nothing thus far. However, she will have to pay unless events of an entirely different order—not financial but revolutionary—intervene to cancel all the old debts. Germany makes payments to France and England who demand payment of debts even of us. What then is the over-all picture of Europe?

The English bourgeoisie collects or is getting ready to collect her loans in dribs and drabs from the whole of Europe in order then to transmit these collected sums plus an increment added by herself across the Atlantic to Uncle Sam. What office does Mr. Baldwin or King George hold today? Merely that of chief tax collector for America in a province called Europe. The task of this agent is to squeeze out the arrears from the peoples of Europe and ship them to the U.S. The organization is, as you observe, perfectly pacifist, peaceful. Under the system of American loan-rationing are organized the financial interrelations of the European peoples, supervised by the most punctual of taxpayers, Great Britain, who for this receives the title of Chief Tax Collector. The European policy of America rests wholly on this: Germany, pay France; Italy

pay England; France, pay England; Russia, Germany, Italy, France and England, pay me, America. This hierarchy of indebtedness constitutes one of the pillars of American pacifism.

The world struggle for oil between England and America has already led to revolutionary shocks and military clashes in Mexico, Turkey, Persia. But tomorrow's newspapers will perhaps inform us that England and America have arrived at a peaceful collaboration in the domain of oil. What will this mean? It will mean an oil conference in Washington. In other words, England will be invited to take a more modest ration of oil. Consequently, 14-carat pacifism, again.

In another field, that of struggle for markets, there also obtains up to a certain time and point a "peaceful" regulation. One German writer, former minister of I forget just which government—former ministers are plentiful in Germany—Baron Reibnitz has the following to say on the struggle for markets between England and America: England, you know, can avoid war provided she refrains, in favor of the U.S.A., from any pretensions in Canada, in South America, in the Pacific and on the eastern coast of Asia and in Australia: "there will then remain for her the other fields *outside Europe*." I can't quite make out just what will remain for England after that. But the alternative is correctly posed: *either* resort to war *or* "pacifistically" sink to a meager ration.

And here is the latest chapter, a completely new one: it concerns foreign raw materials—a chapter interesting in the highest degree. The United States, you see, lacks many things of which others have no lack. In this connection American newspapers have published a map showing the distribution of raw materials over the whole globe. They now talk and think in terms of whole continents. The European pygmies get exercised over Albania, Bulgaria, corridors of one sort or another, and wretched strips of land. Americans think in terms of continents: it simplifies the study of geography, and, what is most important, provides ample room for robbery. And so, American newspapers have published a map of the world with ten black spots on it, the ten major deficiencies of the U.S. economy in raw materials: rubber, coffee, nitrates, tin, potash, sisal . . . and other less important raw materials. It appears that all these raw materials are monopolized (horror of horrors!) not by the U.S. but by other countries. Rubber, about 70 per cent of the world output, comes from tropical islands belonging to England, while America, by the way, consumes 70 per cent of the world production for automobile tires and other requirements. Coffee comes from Brazil. Chile, financed by the English, furnishes the nitrates. And so forth and so on. Mr. Churchill, who does not cede to Lloyd George in cockiness, resolved to recover the sums paid out to America for the debts by raising the price of rubber. And Hoover, director of American trade, has computed with the aid of a calculating machine that in a single year, 1925, the U.S. paid the English for rubber a sum of 600 to 700 million dollars over and above an "honest" price. That's what he said. Hoover knows very well how to distinguish between honest and dishonest prices: that's his job. As soon as the American newspapers learned about this, they raised an incredible hue and cry. I cite one quotation from *The Evening Post*:

"What good are all these Locarnos and Genevas, these leagues and protocols, these disarmament conferences and economic conferences, if a powerful group of nations intentionally isolates America?"

You must picture to yourselves this poor America who is being isolated and exploited on all sides. Rubber, coffee, tin, nitrates, sisal for ropes, potash—everything has been grabbed up and monopolized, so that an honorable American billionaire is no longer able to drive his automobile, nor drink enough

coffee, nor get rope good enough to hang himself, nor even obtain a tin bullet with which to blow out his brains. The situation is really intolerable: exploitation on all sides! It is enough to make a man lie down alive in a "standardized" casket! Mr. Hoover wrote an article precisely in this connection—and what an article! It consists exclusively of questions—29 by count—each sounds better than the one before. As you might well have gathered, the barbs of all these questions are aimed at England. Is it a nice thing to soak people over and above an honest price? And if it isn't nice, isn't it bound to introduce irritation into relations between one nation and another? And if it is bound to introduce irritation, isn't the government bound to intervene? And if a self-respecting government intervenes, mightn't grave consequences ensue? One English newspaper, less polite but more candid than the rest, wrote on this score that one fool can ask so many questions that a hundred wise men cannot answer. With this the patriotic newspaper unburdened itself. In the first place, I do not dare admit that a fool occupies so responsible a position. And even if that were the case . . . comrades, it is not an admission on my part but merely a logical premise. I say, even if this were so, Hoover is nonetheless at the head of the colossal apparatus of American capitalism and consequently has no need for intelligence since the whole bourgeois "machine" does his thinking for him. And, at all events, after Hoover's 29 questions, each of which came like a pistol shot under Mr. Baldwin's very ears, rubber immediately became cheaper. And this fact illuminates the world situation far better than would scores of statistics. Such, comrades, is American pacifism in practice.

No Avenue of Escape for European Capitalism

It is to this United States, who brooks no obstacle on her path, who views each rise in prices of raw materials she lacks as a malicious assault upon her inalienable right to exploit the whole world—it is to this new America, wildly on the offensive, that dismembered, divided Europe finds itself counterposed—a Europe, poorer than before the war, with the framework of its markets still more restricted, loaded with debts, torn by antagonisms and crushed by bloated militarism.

During the period of reconstruction there was no lack of illusions among bourgeois and Social Democratic economists and politicians concerning the possibility of Europe's regeneration. European industry, first in France and then in Germany, picked up quite rapidly at certain moments after the war. This is hardly surprising; in the first place, the normal demand was regenerated, even if not to full proportions, because of the exhaustion of all previous stocks. There was nothing left. Furthermore, France remained with vast devastated areas which constituted an auxiliary market. So long as the most pressing needs of these war-stripped and devastated markets were being supplied, industry was able to operate at a healthy pace, giving rise to great hopes and great illusions. Now, so far as the essence of the matter is concerned, the balance sheet of these illusions has been drawn even by the more alert bourgeois economists. There is no avenue of escape for European capitalism.

The unexampled economic superiority of the U.S. even independently of a conscious policy on the part of the American bourgeoisie, will no longer permit European capitalism to raise itself. American capitalism, in driving Europe more and more into a blind alley, will automatically drive her onto the road of revolution. In this is the most important key to the world situation.

This is revealed most graphically and incontestably in England's situation. England's trans-oceanic exports are cut into by America, Canada, Japan, and by the industrial development of her own colonies. Suffice it to point out that on the textile

market of India, a British colony, Japan is squeezing out England. And on the European market, every increase of sales of English merchandise cuts into the sales of Germany, France and *vice versa*. Most often it is *vice versa*. The exports of Germany and France hit those of Great Britain. The European market is not expanding. Within its narrow limits, shifts occur now to one side, now to another. To hope that the situation will change radically in favor of Europe is to hope for miracles. Just as under the conditions of the domestic market, the bigger and more advanced enterprise is assured victory over the small or backward enterprise, so, in the conditions of the world market, the victory of the U.S. over Europe, that is, first and foremost over England, is inevitable.

In 1925 England's imports and exports reached respectively 111 per cent and 76 per cent of their pre-war levels. This implies an adverse trade balance of unprecedented proportions. The reduction in exports signifies an industrial crisis which strikes not at the secondary but at the basic branches of industry: coal, steel, ship-building, woollens, etc. Temporary and even considerable improvements are possible and even inevitable, but the basic line of decline is predetermined.

One becomes filled with justifiable contempt for the "statesmen" of England who have retained all their old conformities so incompatible with the new conditions and who lack the most elementary understanding of the world situation and the inevitable consequences inherent in it. The reigning English politicians, Baldwin and Churchill, have recently favored us again with their candor. At the end of last year Churchill announced that he had twelve reasons (yes, he said that) for being in an optimistic mood. In the first place, a stabilized national currency. The English economist Keynes has called Churchill's attention to the fact that this stabilization meant a minimum reduction of 10 per cent in the prices of merchandise exported, and consequently a corresponding increase in the adverse trade balance. The second reason for being optimistic was the excellent price of rubber. Sad to say, Mr. Hoover's 29 questions have considerably reduced the rubberized optimism of Churchill. Thirdly, there was the decrease in the number of strikes. But let us wait on this score until the end of April when the collective contract of the miners comes up for consideration. Fourth reason for optimism—Locarno. From one hour to the next, there is no improvement. The Anglo-French conflict far from diminishing has intensified since Locarno. As touches Locarno let us wait, too; one counts one's chickens when they are hatched. We refrain from enumerating the remaining reasons for optimism; on Wall Street the price they fetch is still dropping. It is interesting to note that *The Times* of London published an editorial on this same subject entitled: "Two Rays of Hope." *The Times* is more modest than Churchill; it has not twelve but only two rays of hope, and these too are x-rays, that is, rather problematical rays.

To the professional light-mindedness of Churchill one can counterpose the more serious opinions of the Americans who make an appraisal of British economy from their own standpoint, and also the opinion of British industrialists themselves. Upon returning from Europe, Klein, the director of the U.S. Department of Commerce, made a report to industrialists which, notwithstanding its purely conventional tone of reassurance, lets the truth break through.

"From the economic point of view," he said, "the only gloomy spot, [abstraction evidently made from the situation of France and Italy as well as the relatively slow restoration of Germany]—the only gloomy spot, I say, is the United Kingdom. It seems to me that England is in a doubtful commercial position. I would not want to be too pessimistic because England is our best customer but a number of factors are developing in that country, which, it seems to

me, must give rise to serious consideration. There exist in England formidable taxes, the reason for which, according to certain people, must be found in our thirst for money, not to say more. Still it is not entirely correct. . . . The stock of tools of the coal industry is the same as a few dozen years ago, with the result that the cost of manual labor per ton is three or four times more than in the United States."

And so forth and so on in the same vein.

Now, here is another comment. J. Harvey, American ex-ambassador in Europe, considered by the English as a "friend and well-wisher," which is in a sense true for he speaks as a rule sentimentally of the need of coming to England's aid—this same J. Harvey recently published an article entitled: "The End of England" (the title alone is priceless!), in which he comes to the conclusion that "English production has had its day. Hereafter the lot of England is to be an intermediate agent." That is to say, the sales clerk and bank teller of the United States. Such is the conclusion of a friend and well-wisher.

Let us now see what George Hunter, a great English ship-builder, whose note to the government made a stir in the entire British press, has to say:

"Has the Government" [and the government, after all, is Churchill with his 12 reasons for optimism], he says, "a clear idea of the disastrous condition of English industry? Does it know that this condition, far from improving, is worsening progressively? The number of our unemployed and of our partial unemployed represents at the minimum 12.5 per cent of the employed workers. Our trade balance is unfavorable. Our railroads and a large part of our industrial enterprises pay dividends out of their reserves or pay none at all. If that continues it is bankruptcy and ruin. There is no improvement in prospect."

The coal industry is the keystone of English capitalism. At present it is completely dependent upon government subsidies. "We can," says Hunter, "subsidize the coal industry as much as we like; that will not prevent our industry generally to wane." But if subsidies stop, English industrialists could not continue to pay the wages they now pay; and that would provoke, beginning with the next First of May, a grandiose economic conflict. It is not hard to imagine what would be implied by a strike embracing not less than a million miners, backed, according to all indications by approximately a million railwaymen and transport workers. England would enter into a period of greatest economic shocks. One must either continue to grant ruinous and hopeless subsidies, or resign oneself to a profound social conflict.

Churchill has twelve reasons for optimism, but the social statistics of England testify that the number of employed workers is decreasing, that the number of miners is decreasing, but that there is an increase in the number of restaurant employees, cabaret personnel and elements of the lumpenproletarian type. At the expense of producers the number of lackeys increases, and, by the way, these figures do not include the political lackeys and ministers who with servility implore the generosity of Americans.

Let us once again counterpose America and England. In America there is a growing aristocracy of labor which aids in the establishment of company unions; while in England, fallen from her supremacy of yesterday, there grow layers of lumpenproletariat below. Revealed best of all in this juxtaposition and counterposition is the displacement of the world economic axis. And this displacement will continue to operate until the *class* axis of society is itself displaced, that is, until the proletarian revolution.

Mr. Baldwin of course demurs to this. Though Mr. Baldwin carries more weight than Churchill, he understands as little. At a gathering of industrialists, he outlined a means of getting

out of the predicament—a Conservative Prime Minister always has patent remedies for all ailments. “It sometimes seems to me,” he said, “that some of us have slept for at least six or seven years.” Much longer! Mr. Baldwin himself has been asleep for at least fifty years, while others stayed up. “We will do well,” continued the Prime Minister, “to be guided by the progress realized during this period by the United States.” It would indeed take a bit of trying to be guided by the “progress” of the United States. In that country they dispose of a national wealth of 320 billions, 60 billions in the banks, an annual accumulation of 7 billion, while in England there is a deficit. Let us be guided a little! Let us try!

“The two parties [capitalists and workers],” continues Baldwin, “can learn much more at the school of the United States than in the study of the situation in Moscow.” Mr. Baldwin should refrain from spitting into the Moscow well. We could teach him a few things. We know how to orient ourselves among facts, analyze world economy, forecast a thing or two, in particular the decline of capitalist England. But Mr. Baldwin cannot do it.

Churchill, the Finance Minister, also referred to Moscow. Without it, you can't make a good speech nowadays. Churchill, you see, had read that morning a horrible speech by Mr. Tomsky, who is not a member of the House of Lords. He happens to be, as Mr. Churchill truthfully asserts, a man who occupies an extremely important post in the Soviet Republic. Mr. Tomsky did not spend his youth at Oxford or at Cambridge with Mr. Churchill but in the Boutirky Prison, here at Moscow. Nevertheless Mr. Churchill is obliged to speak of Mr. Tomsky. And, it must be admitted, he does not speak very kindly about Mr. Tomsky's speech at the conference of trade unions at Scarborough. Mr. Tomsky did indeed make a speech there, and apparently not a bad one, judging from the impression it made on Mr. Churchill. The latter cited extracts from the speech which he characterized as “ramblings of a barbarian.”

“I estimate,” he said, “that in this country we are capable of managing our own affairs without unwarrantable interference from outside.” Mr. Churchill is a very proud man but he is wrong. His patron Baldwin says that one must learn at the school of the United States.

“We do not want to have a freshly laid crocodile egg for breakfast,” continues Mr. Churchill. It is Tomsky, it seems, who laid a crocodile egg in England. Mr. Churchill does not like it; he prefers the politics of the ostrich that hides its head in the sand, and, as you know, both the ostrich and the crocodile propagate themselves in the self-same tropical colonies of England. Then Mr. Churchill gets really cocky: “I am not afraid of the Bolshevik revolution in this country. I do not criticize personalities.” And so forth and so on. That does not prevent him from delivering a wild speech against Tomsky. So he is afraid, after all. He does not criticize the personality of Tomsky. God forbid, he merely calls him a crocodile.

“Great Britain is not Russia.” Very true. “What use is there in introducing to the English workers the dull doctrine of Karl Marx and in making them sing out of tune the *Internationale*?” It is true that the English workers sometimes sing the *Internationale* off key, with music supplied by MacDonald, but they will learn to sing it without any false notes precisely from Moscow. In our opinion, despite all the 12 reasons for optimism, the economic situation of England brings nearer that hour when the English working class will sing the *Internationale* at the top of their voices. Prepare your ear drums, Mr. Churchill!

As touches Germany and France, I shall limit myself to brief remarks.

The day before yesterday I received from one of our engineers, who made a tour of the German factories where our

orders are being filled, a letter in which he characterized the situation in these terms: “As an engineer, I became very depressed. Industry here is declining for lack of market, and no number of American loans will provide this market.” The number of unemployed in Germany has passed the two million mark. Owing to the rationalization of production, skilled workers comprise about three-fourths of the total unemployed. Germany has gone through a crisis of inflation and then through a crisis of deflation; now a boom ought to start but instead there is a terrible collapse—over two million are without employment. And the most onerous consequences of the Dawes regime for Germany are still to come.

In France, industry made a significant step forward after the war. This deceived many people and gave birth to the illusions of “reconstruction.” As a matter of fact, France has been living beyond her means; her industry picked up on the basis of a temporary internal market (devastated regions) and, in addition, at the expense of the whole country (depreciation of the franc). Now the hour of payment has come. America says: “Disarm, retrench, tighten your belt, go over to a stable currency.” A stable currency means the reduction of production and exports; it means unemployment, deportation of foreign-born proletarians, lowering the wages of the French workers. The period of inflation ruined the petty bourgeoisie; the period of deflation will spur the proletariat to action. The French government dares not even approach the solution of the financial question. Finance ministers succeed one another every two months and continue to print fraudulent banknotes. This is the sole means at their disposal for the regulation of the country's economic life. In Hungary, Admiral Horthy, believing that there was nothing complicated about this art, began to counterfeit French notes, not with an eye to sustaining the Republic but rather in order to restore the monarchy. Republican France refused to tolerate this monarchist competition and proceeded to make arrests in Hungary, but, aside from this, very little has been done to restore French currency. France is heading toward an economic and political crisis.

In these conditions, i.e., against the background of a disintegrating Europe, the League of Nations wants to convene two conferences this year: one on disarmament, the other on the economic regeneration of Europe. Let us, however, not hurry to reserve our seats. The preparations for these conferences are proceeding with extreme slowness, encountering contradictions of interests at every step.

As touches the preparation of the disarmament conference, of exceptional interest is a semi-official article recently published in an English review and eloquently signed “Augur.” Everything points to the fact that this Augur has close ties with the Ministry of Foreign Affairs and is generally well acquainted with what goes on behind the scenes. Under the banner of preparing the disarmament conference the British Augur threatens us “with measures which will not be pacific measures.” This amounts to a direct threat of war. Who is threatening? England, who is losing her foreign markets; England, where unemployment prevails; England, where the lumpenproletariat is growing; England, who has only a single optimist left, Winston Churchill—this England is threatening us with war in the present situation. Why? Under what pretext? Is it not because she wants to take it out on somebody else because of the affronts dealt her by America? As for us, we do not want war. But if the British ruling classes wish to accelerate the birth pangs, if history wishes to deprive them of their reason before depriving them of power, it must, precisely now, push them over the steep slope of war. There will be incalculable suffering. But should the criminal madmen let loose a new war on Europe, those who will emerge victorious will not be Baldwin, nor

Churchill, nor their American masters, but the revolutionary proletariat of Europe.

Has Capitalism Outlived Itself?

In conclusion, let me pose a question which, it seems to me, flows from the very essence of my report. This question is: Has capitalism outlived itself? Or to put it differently: Is capitalism still capable of developing the productive forces on a world scale and of heading mankind forward? This is a fundamental question. It is of decisive significance for the proletariat of Europe, for the oppressed peoples of the Orient, for the entire world, and, first and foremost, for the destiny of the Soviet Union. If it turned out that capitalism is still capable of fulfilling a progressive historical mission, of increasing the wealth of the peoples, of making their labor more productive, that would signify that we, the Communist Party of the USSR, were premature in singing its *de profundis*; in other words, it would signify that we took power too soon to try to build socialism. Because, as Marx explained, no social system disappears before exhausting all the possibilities latent in it. Confronted with the new economic situation unfolding before us at present, with the ascendancy of America over all capitalist mankind and the radical shift in the correlation of economic forces, we must pose anew this question: Has capitalism outlived itself? or has it still before it a perspective of progressive work?

For Europe, as I have tried to show, the question is definitively decided in the negative. Europe, after the war, fell into a far worse situation than before the war. But the war itself was not an accidental phenomenon. It was the blind revolt of the productive forces against capitalist forms, including those of the national state. The productive forces created by capitalism could no longer be contained within the framework of the social forms of capitalism, including the framework of national states. Hence the war. What has the war brought Europe? A situation ten times worse than before: the same capitalist social forms, but more reactionary; the same tariff walls but more rigid; the same frontiers but narrower; the same armies but more numerous; an increased indebtedness; a more restricted market. Such is the general situation in Europe. If today England rises a little, it is at the expense of Germany; tomorrow it will be Germany's turn to rise at the expense of England. If you find a surplus in the trade balance of one country, you must seek for a corresponding deficit in the trade balance of another country. World development—principally the development of the U.S.—has driven Europe into this blind alley. America is today the basic force of the capitalist world, and the character of that force automatically predetermines the inextricable position of Europe within the framework of the capitalist regime. European capitalism has become reactionary in the absolute sense of the term; that is, not only is it unable to lead the nations forward, but it is even incapable of maintaining for them living standards long ago attained. Precisely this constitutes the economic basis of the present revolutionary epoch. Political ebbs and flows unfold on this basis without in any way altering it.

But what about America? So far as America is concerned the picture seems to be quite different. And Asia? After all, it is impossible to leave Asia out of the calculation. Asia and Africa represent 55 per cent of the earth's surface and 60 per cent of the world's population. They certainly merit a special and extended examination; but this lies outside the scope of the present report. From everything that has been said, however, it is clear that the struggle between America and Europe is above all a struggle for Asia. How then do matters stand? Is capitalism still capable of fulfilling a progressive mission in

America? Has it such a mission to perform in Asia and Africa? In Asia, capitalist development has taken only its first major steps; while in Africa, the new relations penetrate the body of the continent itself only from the periphery. Just what are the perspectives here? The conclusion seems to be the following: capitalism has outlived itself in Europe; in America it still advances the productive forces, while in Asia and Africa it has before it a vast virgin field of activity for many decades if not centuries. Is that really the case? Were it so, comrades, it would mean that capitalism has not yet exhausted its mission on a world scale. But we live under the conditions of world economy. And it is just this that determines the fate of capitalism—for all the continents. Capitalism cannot have an isolated development in Asia, independent of what takes place in Europe or in America. The time of provincial economic processes has passed beyond recall. American capitalism is far stronger and stabler than European capitalism; it can look to the future with far greater assurance. But American capitalism is no longer self-sufficing. It cannot maintain itself on an internal equilibrium. It needs a world equilibrium. Europe depends more and more on America, but this also means that America is becoming increasingly dependent upon Europe. Seven billions are accumulated annually in America. What to do with them? If simply put in a vault, they, as dead capital, would drag down the profit level in the country. All capital demands interest. Where could the available funds be placed? Within the country itself? But there is no need of them, they are superfluous, the internal market is supersaturated. An outlet must be found abroad. One begins to lend to other countries, to invest in foreign industries. But what to do with the interest, which returns, after all, to America? It must either again be placed abroad, if it happens to be gold, or else European commodities must be imported. But these commodities will tend to undermine American industry whose enormous production already requires outlets abroad. Such is the contradiction: they must either import gold of which there is already a surplus, or import commodities to the detriment of the entire national industry. Gold "inflation" (permit me to call it that) is just as dangerous for economy in its own way as currency inflation. One can die not only of anemia but also of plethora. If there is too great a quantity of gold, no new revenues can be derived from it, the interest on capital is lowered and thereby the further expansion of production made inexpedient and even irrational. To produce and to export for the sake of locking up one's gold in cellars is equivalent to throwing one's goods into the sea. Consequently, as time goes on, America's need to expand grows greater and greater; that is, she must invest her surplus resources in Latin America, Europe, Asia, Australia, Africa. The more this happens, all the more does the economy of Europe and other parts of the world become integrated with that of the United States.

In military art there is a saying that whoever moves into the enemy's rear in order to cut off, is often cut off himself. In economy something analogous takes place: the more the United States puts the whole world under its dependence, all the more does it become dependent upon the whole world, with all its contradictions and threatening upheavals. Already today, revolution in Europe means convulsions in Wall Street; tomorrow, when the investments of American capital in European economy have increased, it will mean a profound upheaval.

And what of the national-revolutionary movement in Asia? Here the same mutual dependence exists. The development of capitalism in Asia inevitably implies the growth of the national-revolutionary movement, which comes into an ever more hostile clash with foreign capital, the bearer of imperialism. We observe how the development of capitalism in China which takes place with the assistance and under the pressure of imperialist

colonizers leads to revolutionary struggle and upheavals.

I spoke previously of the power of the U.S. *vis a vis* weakened Europe and the economically backward colonial peoples. But precisely in this power of the United States is its Achilles' heel; in this power lies its growing dependence upon countries and continents economically and politically unstable. The U.S. is compelled to base its power on an unstable Europe, that is, on tomorrow's revolutions of Europe and on the national-revolutionary movement of Asia and Africa. It is impermissible to look upon Europe as an independent entity. But America, too, is no longer a self-sufficing whole. In order to maintain its internal equilibrium the United States requires a larger and larger outlet abroad; but its outlet abroad introduces into its economic order more and more elements of European and Asiatic disorder. Under these conditions a victorious revolution in Europe and in Asia would inevitably inaugurate a revolutionary epoch in the United States. And we need not doubt that once the revolution in the U.S. has begun, it will develop with a truly American speed. That is what follows from an evaluation of the world situation as a whole.

From what has been said it also follows that America stands second in the line of revolutionary development. First in line are Europe and the Orient. Europe's transition to socialism must be conceived precisely with the following as a prospect: against capitalist America and against its powerful opposition. It certainly would be more advantageous to begin the socialization of the means of production with the richest country, the United States, and then extend this process to the rest of the world. But our own experience has shown us that it is impossible arbitrarily to fix the order in which revolutions will occur. We in an economically weaker and backward country turned out to be the first called upon to make the proletarian revolution. It is now the turn of the other European countries. America will not permit capitalist Europe to rise again. Therein is the revolutionary meaning of American capitalist power. Whatever political fluctuations Europe may undergo, her economic impasse remains throughout the fundamental factor. And this factor, a year sooner or later, will impel the proletariat onto the revolutionary road.

Will the European working class be able to hold power and build a socialist economy without America and against America? This question is closely bound up with the question of colonies. The capitalist economy of Europe and especially that of England is intimately linked with colonial possessions, which supply foodstuffs as well as the indispensable raw materials for industry. Left by itself, that is, cut off from the external world, the population of England would be condemned to economic and physical death within a very brief period. The industry of all Europe depends, in a large measure, on ties with America and the colonies. But the European proletariat, after wresting power from the bourgeoisie, will make it its first business to help the oppressed colonial peoples break their colonial chains. In these conditions will the European proletariat be able to hold out and build a socialist economy?

We, the peoples of Czarist Russia, were able to hold out during the years of the blockade and Civil War. We endured poverty, famine, epidemics—but we held out. Our backwardness proved temporarily to be also our advantage. The revolution held out by relying primarily on its rear, the gigantic peasantry. Starved and ravaged by epidemics the revolution held out. Industrialized Europe, and particularly England—that is something else again. There cannot even be talk of a partitioned Europe being able, even under the dictatorship of the proletariat, to hold out economically so long as it remains dismembered. The proletarian revolution signifies the unification of Europe. Bourgeois economists, pacifists, business sharpers, day-dreamers

and mere bourgeois babblers are not averse nowadays to talk about a United States of Europe. But that task is beyond the strength of the European bourgeoisie which is utterly corroded by contradictions. Europe can be unified only by the victorious European proletariat. No matter where the revolution may first break out, and no matter what the tempo of its development may be, the economic unification of Europe is the first indispensable condition for its socialist reconstruction. Back in 1923 the Communist International proclaimed that it is necessary to drive out those who have partitioned Europe, take power in partitioned Europe in order to unify it, in order to create the Socialist United States of Europe.

Revolutionary Europe will clear a road for herself to raw materials, to food products; she will know how to get help from the peasantry. We ourselves have grown sufficiently strong to be able to extend some help to revolutionary Europe during the most difficult months. Over and above this, we will provide for Europe an excellent bridge to Asia. Proletarian England, shoulder to shoulder with the peoples of India, will insure the independence of that country. But this does not mean that England will lose the possibility of a close economic collaboration with India. Free India will have need of European technology and culture; Europe will have need of the products of India. The Soviet United States of Europe, together with our Soviet Union, will serve as the mightiest of magnets for the peoples of Asia, who will gravitate toward the establishment of the closest economic and political ties with proletarian Europe. If proletarian England loses India as a colony, then she will gain in her a companion in the European-Asiatic Federation of peoples. The mighty bloc of peoples of Europe and Asia will be impregnable and, above all, invulnerable against the power of the United States. We do not for a moment minimize this power. In our revolutionary perspectives we proceed with a clear understanding of facts as they are. Much more, we consider that the power of the United States—such is the dialectic—is now the greatest lever of the European revolution. We do not close our eyes to the fact that, politically and militarily, this lever will be turned against the European revolution when it breaks out. We know that when its own skin is at stake, American capitalism will unleash the fiercest energy in the struggle. It is quite possible that all that books and our own experience have taught us about the fight of the privileged classes for their domination will pale before the violence that American capital will try to inflict upon revolutionary Europe. But unified Europe, in revolutionary collaboration with the peoples of Asia, will prove infinitely more powerful than the United States. Through the Soviet Union, the toilers of Europe and Asia will be indissolubly linked. In alliance with the insurgent Orient, the European revolutionary proletariat will wrest from American capital the control of world economy and will lay the foundations for the Federation of Socialist Peoples of the whole earth.

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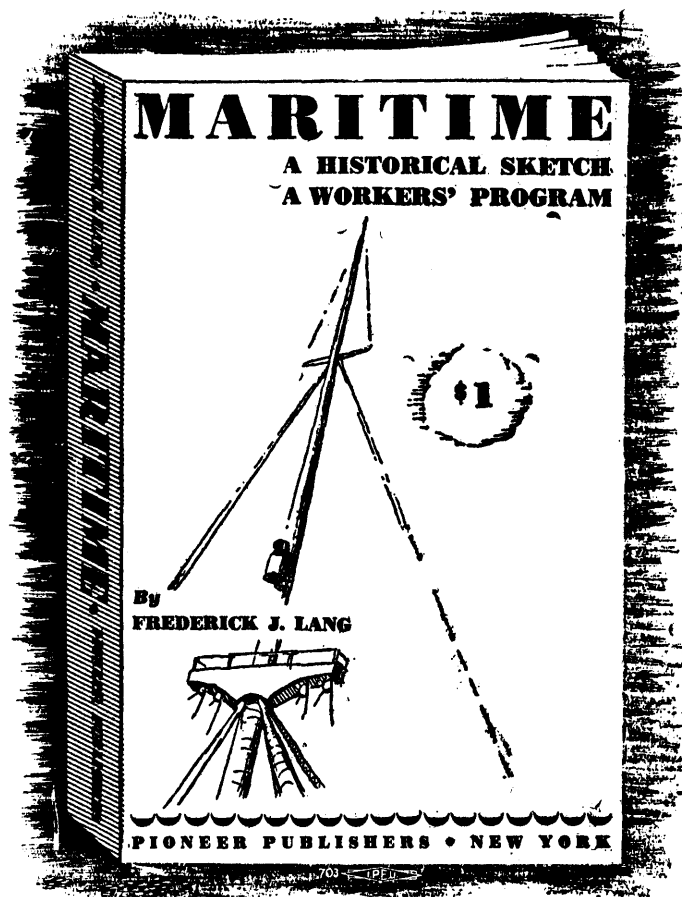
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